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Government
of Canada

Gouvernement
du Canada

Prepared by the
Receiver General for Canada

Public Accounts of Canada

1994

Volume I

Summary Report and Financial Statements

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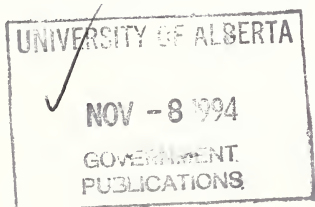


Government
of Canada

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du Canada

Prepared by the
Receiver General for Canada

Public Accounts of Canada 1994



Volume I

Summary Report
and Financial
Statements

Canada

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To His Excellency

The Right Honourable Ramon John Hnatyshyn,
P.C., C.C., C.M.M., C.D.,
*Governor General and
Commander-in-Chief of Canada.*

MAY IT PLEASE YOUR EXCELLENCY:

The undersigned has the honour to present to Your Excellency the Public Accounts of Canada for the year ended March 31, 1994.

All of which is respectfully submitted.

Arthur C. Eggleton,
President of the Treasury Board.

OTTAWA, SEPTEMBER 26, 1994

*To The Honourable Arthur C. Eggleton,
President of the Treasury Board.*

In accordance with the provisions of section 64(1) of the *Financial Administration Act*, I have the honour to transmit herewith the Public Accounts of Canada for the year ended March 31, 1994, to be laid by you before the House of Commons.

Respectfully submitted,

David Dingwall,
Receiver General for Canada.

OTTAWA, SEPTEMBER 26, 1994

*To The Honourable David Dingwall,
Receiver General for Canada.*

Sir:

I have the honour to submit the Public Accounts of Canada for the year ended March 31, 1994.

Under section 64(1) of the *Financial Administration Act*, the Public Accounts for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in two volumes:

Volume I—The financial statements of Canada on which the Auditor General has expressed an opinion; the observations by the Auditor General on the financial statements of Canada; a ten-year summary of the Government's financial transactions; analyses of budgetary revenue and expenditure, and of asset and liability accounts; and various other statements.


Volume II—Details of the financial operations of the Government, segregated by ministry (Part I); and additional information and analyses (Part II).

The audited financial statements contained in Volume I are for the year ended March 31, 1994.

Respectfully submitted,

Ranald A. Quail,
Deputy Receiver General for Canada.

OTTAWA, SEPTEMBER 26, 1994



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VOLUME 1

TABLE OF CONTENTS

Section

Introduction

1. Financial Statements of the Government of Canada and Opinions of the Auditor General
2. Supplementary Financial Information
3. Budgetary Revenue
4. Budgetary Expenditure
5. Consolidated Accounts
6. Loans, Investments and Advances
7. Specified Purpose Accounts
8. Other Liabilities
9. Foreign Exchange Accounts
10. Unmatured Debt
11. Other Information Related to the Financial Statements
12. Index

INTRODUCTION TO THE PUBLIC ACCOUNTS

Nature of the Public Accounts

The Public Accounts is the report of the Government of Canada prepared each fiscal year by the Receiver General as required by section 64 of the *Financial Administration Act*.

The report covers the fiscal year of the Government, which ends on March 31, and is prepared from data contained in the accounts of Canada and from more detailed records maintained in departments and agencies. The accounts of Canada is the centralized record of the Government's financial transactions maintained by the Receiver General in which the transactions of all departments and agencies are summarized. Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the Public Accounts

The Public Accounts is produced in two volumes.

Volume I presents a summary analysis of the financial transactions of the Government. Its content is summarized as follows:

SECTION 1: audited financial statements of the Government of Canada;

SECTION 2: ten-year summary of the Government's financial transactions;

SECTION 3: review of budgetary revenue;

SECTION 4: review of budgetary expenditure;

SECTION 5: analysis of consolidated accounts;

SECTION 6: analysis of loans, investments and advances;

SECTION 7: analysis of specified purpose accounts;

SECTION 8: analysis of other liabilities;

SECTION 9: analysis of foreign exchange accounts;

SECTION 10: analysis of unmatured debt; and,

SECTION 11: analysis of other information related to the financial statements.

Volume II is published in two parts. **Part I** presents the financial operations of the Government, segregated by ministry while **Part II** presents additional information and analyses.

Ministerial Reorganizations Affecting the 1993-94 Public Accounts

Major reorganizations were made to the structure and names of certain ministries in 1993-94. The following **Appendix** describes the changes made to the structure.

In addition to the changes described in the **Appendix**, the Government also made changes to the nomenclature of certain ministries. The 1993-94 Public Accounts does not make reference to the new nomenclature since newly established ministries or new names of ministries have not yet received legislative approval.

Comparative figures were reclassified to conform to the current year's structure.

APPENDIX

MINISTERIAL REORGANIZATIONS AFFECTING THE 1993-94 PUBLIC ACCOUNTS

Program, department or agency	Amalgamated with	Transferred	
		From ⁽¹⁾	To
Advisory Council on the Status of Women		Ministry of Employment and Immigration	Ministry of Communications
Canada Labour Relations Board		Ministry of Labour	Ministry of Employment and Immigration
Canada Mortgage and Housing Corporation		Ministry of Public Works	Ministry of Supply and Services
Canada Post Corporation		Ministry of Industry, Science and Technology	Ministry of Supply and Services
Canadian Centre for Occupational Health and Safety		Ministry of Labour	Ministry of Employment and Immigration
Competition Tribunal		Ministry of Consumer and Corporate Affairs	Ministry of Industry, Science and Technology
Copyright Board		Ministry of Consumer and Corporate Affairs	Ministry of Industry, Science and Technology
Department of Consumer and Corporate Affairs	Department of Industry, Science and Technology		
Department of Forestry	Department of Energy, Mines and Resources		
Department of Labour	Department of Employment and Immigration		
Department of Multiculturalism and Citizenship	Department of Communications		
Department of Public Works	Department of Supply and Services		
Department of Secretary of State ⁽²⁾		Department of Secretary of State	Department of Communications
Federal Office of Regional Development—Quebec		Ministry of National Health and Welfare	Ministry of Finance
Government Telecommunications Agency		Department of Communications	Department of Supply and Services
Hazardous Materials Information Review Commission		Ministry of Consumer and Corporate Affairs	Ministry of National Health and Welfare
Immigration and Refugee Board of Canada		Ministry of Employment and Immigration	Ministry of Secretary of State ⁽³⁾

APPENDIX

MINISTERIAL REORGANIZATIONS AFFECTING THE 1993-94 PUBLIC ACCOUNTS—*Concluded*

Program, department or agency	Amalgamated with	Transferred	
		From ⁽¹⁾	To
Immigration Program		Department of Employment and Immigration	Department of Secretary of State ⁽³⁾
National Battlefields Commission		Ministry of Environment	Ministry of Communications
National Capital Commission		Ministry of Public Works	Ministry of Communications
Northern Pipeline Agency		Privy Council	Ministry of Energy, Mines and Resources
Parks Program		Department of Environment	Department of Communications
Patented Medicine Prices Review Board		Ministry of Consumer and Corporate Affairs	Ministry of National Health and Welfare
Procurement Review Board		Ministry of Consumer and Corporate Affairs	Ministry of Finance
Public Service Commission		Ministry of Secretary of State	Ministry of Communications
Social Sciences and Humanities Research Council		Ministry of Communications	Ministry of Industry, Science and Technology
Standards Council of Canada		Ministry of Consumer and Corporate Affairs	Ministry of Industry, Science and Technology
Status of Women—Office of the Co-ordinator		Ministry of Employment and Immigration	Ministry of Communications

⁽¹⁾ Indicates where the program, department or agency was shown in the Estimates. The only exceptions are the Advisory Council on the Status of Women and the Status of Women—Office of the Co-ordinator which were shown under the Ministry of Western Economic Diversification.

⁽²⁾ Except for the Immigration Program.

⁽³⁾ Pending the establishment of the new Ministry of Citizenship and Immigration.

SECTION 1

1993-94

PUBLIC ACCOUNTS

Financial Statements of the Government of Canada and Opinions of the Auditor General

CONTENTS

	<i>Page</i>
Preface	1.2
Statement of responsibility	1.4
Opinion of the Auditor General	1.5
Financial statements—	
Statement of transactions	1.6
Statement of accumulated deficit	1.6
Statement of revenue and expenditure	1.7
Statement of assets and liabilities	1.8
Statement of changes in financial position	1.10
Notes to the financial statements of the Government of Canada	1.11
Supplementary statements and opinions of the Auditor General—	
<i>Spending Control Act</i>	1.22
Debt Servicing and Reduction Account	1.25
Supplementary information—	
Observations by the Auditor General	1.27

NOTE TO READER

Major reorganizations were made to the structure and names of certain ministries in 1993-94. For details of these changes, please refer to the **Introduction** at the beginning of this volume.

PREFACE TO THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of the financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. The financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, financial requirements and changes in financial position for the year. Two supplementary statements report transactions under the *Spending Control Act* and the *Debt Servicing and Reduction Account Act*.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund"; second, that the balance of the Fund, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenue can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the Consolidated Revenue Fund (CRF). All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty also may borrow only as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The financial statements consist of five statements and accompanying notes.

The first statement is the Statement of Transactions, which shows the extent to which cash going out from the Government exceeded cash coming in (financial requirements), and the resulting net new borrowing. The financial transactions are classified into the following categories:

- **Budgetary transactions** are all transactions with outside parties which enter into the calculation of the annual deficit or surplus of the Government, that is, tax and non-tax revenue, together with expenditures.
- **Non-budgetary transactions** are all transactions in assets and liabilities, other than those related to foreign exchange and unmatured debt.
- **Foreign exchange transactions** are all transactions in international reserves held in the Exchange Fund Account (the principal objective of which is to aid in the control and protection of the external value of the Canadian dollar), the net position of the Government with respect to the International Monetary Fund, and unmatured debt payable in foreign currencies.

- **Unmatured debt transactions** show increases or decreases in unmaturred debt, that is, the net change in amounts owing for marketable bonds, Canada savings bonds, special non-marketable bonds issued to the Canada Pension Plan Investment Fund and Treasury bills. They exclude unmaturred debt payable in foreign currencies.

The second statement is the Statement of Accumulated Deficit, which reflects the net accumulation of annual deficits and surpluses since Confederation. Because of changes in accounting policies introduced this year on a retroactive basis, the accumulated deficit at the beginning of the year, shown for 1993 and 1994, has been restated.

The third statement is the Statement of Revenue and Expenditure, which presents the Government's revenue, expenditure and deficit (results of operations) for the year.

The fourth statement is the Statement of Assets and Liabilities. This statement discloses the Government's cash balances and investments, and amounts owing to and by the Government at the end of the year. It differs in some ways from a conventional private sector balance sheet. Two major differences concern items that are not reported on this statement: capital assets, having been accounted for as expenditures when acquired, and tax revenues receivable since tax revenues are generally reported on a cash basis. The difference, therefore, between total assets and total liabilities is simply the aggregate of annual budgetary deficits and surpluses determined in accordance with the accounting policies of the Government.

The fifth statement is the Statement of Changes in Financial Position, which provides information on the Government's cash requirements for operating and investing activities, and how these activities were financed.

In addition to the financial statements, two supplementary statements provide details of transactions under the *Spending Control Act* and the *Debt Servicing and Reduction Account Act*. The *Spending Control Act* deals with limiting program spending for the period from 1991-92 to 1995-96 inclusive to the levels projected in the February 1991 Budget. The *Debt Servicing and Reduction Account Act* calls for certain revenues including the Goods and Services Tax (GST) to be used to service the public debt and not to fund new program spending.

Other sections in this volume, together with Volume II of the Public Accounts provide more detailed supplementary information in respect of matters reported in the financial statements. The opinion of the Auditor General on the financial statements does not extend to this supplementary information.

STATEMENT OF RESPONSIBILITY

The financial statements in this section were prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the statements and, after giving retroactive effect to the changes in accounting policies as explained in Note 2, on a basis consistent with that of the preceding year.

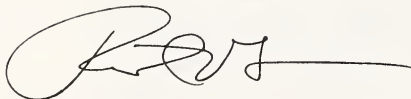
Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada, in compliance with governing legislation. The financial statements are generally prepared on an accrual basis of accounting; a notable exception is that capital assets are charged to budgetary expenditure at the time of acquisition or construction. Tax revenues are generally reported on a cash basis. The information included in these financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. They are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized record of the Government's financial transactions, and obtains additional information as required, from departments, agencies and Crown corporations, to meet accounting and reporting requirements.

The Government presents the financial statements to the Auditor General of Canada who audits them and provides an independent opinion to the House of Commons. The duties of the Auditor General in that respect are contained in section 6 of the *Auditor General Act*, section 8 of the *Spending Control Act* and section 9 of the *Debt Servicing and Reduction Account Act*. Additional information is provided in the observations of the Auditor General at the end of this section.

Annually, the financial statements are tabled in Parliament as part of the Public Accounts, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of Canada.



R. J. GIROUX
Secretary of the Treasury Board and
Comptroller General of Canada



DAVID A. DODGE
Deputy Minister of Finance



RANALD A. QUAIL
Deputy Receiver General for Canada



**OPINION OF THE AUDITOR GENERAL
ON THE
FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA**

To the House of Commons:

I have audited the statement of assets and liabilities of the Government of Canada as at March 31, 1994 and the statements of revenue and expenditure, accumulated deficit, changes in financial position and transactions for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit, as required by section 6 of the *Auditor General Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Government of Canada as at March 31, 1994 and the results of its operations, the changes in its financial position and its financial requirements for the year then ended, in accordance with the stated accounting policies of the Government of Canada as set out in Note 1 to the financial statements. As required by section 6 of the *Auditor General Act*, I also report that, in my opinion, after giving retroactive effect to the changes in accounting policies as explained in Note 2, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statements and this opinion are included in my observations at the end of this section.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
July 26, 1994

GOVERNMENT OF CANADA

Statement of Transactions
for the Year Ended March 31, 1994

(in millions of dollars)

	1994	1993
BUDGETARY TRANSACTIONS		
Revenue	115,984	120,380
Expenditure	-157,996	-161,401
Deficit for the year	-42,012	-41,021
NON-BUDGETARY TRANSACTIONS		
Net source from loans, investments and advances	430	188
Net source from specified purpose accounts	6,242	5,653
Net source or requirement (-) from other transactions	5,490	683
Net source	12,162	6,524
Financial requirements (excluding foreign exchange transactions)	-29,850	-34,497
NET SOURCE FROM FOREIGN EXCHANGE TRANSACTIONS ⁽¹⁾	3,131	7,713
Total financial requirements	-26,719	-26,784
NET INCREASE IN UNMATURED DEBT TRANSACTIONS ⁽¹⁾	25,975	28,891
Decrease (-) or increase in cash	-744	2,107
CASH BALANCE AT BEGINNING OF YEAR	2,881	774
CASH BALANCE AT END OF YEAR	2,137	2,881

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ Change in unmatured debt payable in foreign currencies, \$5,259 million in 1994 (\$1,965 million in 1993), has been included as part of foreign exchange transactions.

GOVERNMENT OF CANADA

Statement of Accumulated Deficit
for the Year Ended March 31, 1994

(in millions of dollars)

	1994	1993
ACCUMULATED DEFICIT, BEGINNING OF YEAR		
As previously reported for 1993	465,291	424,812
Provision for loans to be recovered from future appropriations	1,015	976
Unamortized bond premiums, discounts and commissions	-1,180	-611
Accrual of certain tax refunds	1,072	
Accumulated deficit, beginning of year (as restated for 1993)	466,198	425,177
DEFICIT BEFORE CHANGES IN ACCOUNTING POLICIES (as previously reported for 1993)	41,330	40,479
Provision for loans to be recovered from future appropriations	24	39
Amortization of bond premiums, discounts and commissions	558	-569
Accrual of certain tax refunds	100	1,072
Deficit (as restated for 1993)	42,012	41,021
ACCUMULATED DEFICIT, END OF YEAR (as restated for 1993)	508,210	466,198

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Statement of Revenue and Expenditure
for the Year Ended March 31, 1994

(in millions of dollars)

	1994		1993	
	Gross ⁽¹⁾	Net ⁽¹⁾	Gross ⁽¹⁾	Net ⁽¹⁾
REVENUE (Note 4)—				
TAX REVENUE				
Income tax—				
Personal	57,538	51,051	61,572	58,283
Corporation	9,819	9,819	7,206	7,206
Unemployment insurance premiums	18,233	18,233	17,535	17,535
Non-resident	1,272	1,272	1,191	1,191
	86,862	80,375	87,504	84,215
Excise taxes and duties—				
Goods and services tax	18,381	15,696	17,371	14,868
Energy taxes	3,656	3,656	3,437	3,437
Customs import duties	3,652	3,652	3,811	3,811
Other excise taxes and duties	4,161	3,631	4,462	3,964
	29,850	26,635	29,081	26,080
Other tax revenue	322	322	271	271
	117,034	107,332	116,856	110,566
NON-TAX REVENUE				
Return on investments	6,187	6,142	6,873	6,838
Other non-tax revenue	5,110	2,510	5,784	2,976
	11,297	8,652	12,657	9,814
TOTAL REVENUE	128,331	115,984	129,513	120,380
EXPENDITURE (Notes 5 and 6)—				
TRANSFER PAYMENTS—				
Major transfer payments—				
Old age security benefits, guaranteed income supplements and spouses' allowances	19,578	19,903	18,758	19,106
Unemployment insurance benefits	17,587 ⁽²⁾	17,626 ⁽²⁾	19,006	19,065
Fiscal arrangements	9,427	9,045	7,967	7,591
Insurance and medical care services	7,232	7,232	8,307	8,307
Canada Assistance Plan	7,236	7,236	6,686	6,686
Education support	2,378	2,378	2,887	2,887
Child tax benefits and related payments ⁽³⁾	6,476	7	5,514	2,194
	69,914	63,427	69,125	65,836
Other transfer payments	22,626	19,941	22,128	19,624
TOTAL TRANSFER PAYMENTS	92,540	83,368	91,253	85,460
Crown corporations expenditures (Notes 5 and 8)	5,913	5,298	6,880	6,219
Other program expenditures—				
National Defence	11,626	11,310	11,311	10,939
All other departments and agencies	22,282	20,038	22,265	19,958
TOTAL OTHER PROGRAM EXPENDITURES	33,908	31,348	33,576	30,897
Public debt charges	37,982	37,982	38,825	38,825
TOTAL EXPENDITURE (Note 6)	170,343	157,996	170,534	161,401
DEFICIT FOR THE YEAR	42,012	42,012	41,021	41,021

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ The difference between Gross and Net is revenue credited to appropriations, revenue of consolidated Crown corporations credited to expenditure, tax revenue items related to expenditure and included in revenue, and recovery of tax revenue credited to expenditure.⁽²⁾ Unemployment insurance benefits exclude administration costs of \$1,310 million and interest expense of \$450 million related to the operation of the Unemployment Insurance Account.⁽³⁾ The Child Tax Benefit Program was introduced in January 1993 to replace the Child Tax Credits and the Family Allowances Program.

GOVERNMENT OF CANADA

Statement of Assets and Liabilities
as at March 31, 1994

(in millions of dollars)

	1994	1993
FINANCIAL ASSETS		
<i>LOANS, INVESTMENTS AND ADVANCES—</i>		
Enterprise Crown corporations (Notes 8 and 15)—		
Canada Deposit Insurance Corporation	3,151	3,085
Canada Mortgage and Housing Corporation	8,100	8,206
Canadian National Railway Company	2,379	2,396
Export Development Corporation	813	788
Farm Credit Corporation	3,606	3,538
Federal Business Development Bank	304	304
Other	835	1,220
	<i>19,188</i>	<i>19,537</i>
<i>Less: allowance for valuation</i>	6,500	6,065
Total enterprise Crown corporations	12,688	13,472
Other loans, investments and advances—		
Provincial and territorial governments ⁽¹⁾	1,666	1,490
National governments including developing countries (Note 9)	3,434	3,382
International organizations (Note 9)	5,691	5,436
<i>Less: notes payable</i>	2,331	2,312
	<i>3,360</i>	<i>3,124</i>
Joint and mixed enterprises		
Petro-Canada	4,300	4,300
Other	74	74
	<i>4,374</i>	<i>4,374</i>
Miscellaneous	1,573	1,423
	<i>14,407</i>	<i>13,793</i>
<i>Less: allowance for valuation</i>	9,500	9,240
Total other loans, investments and advances	4,907	4,553
TOTAL LOANS, INVESTMENTS AND ADVANCES	17,595	18,025
<i>FOREIGN EXCHANGE ACCOUNTS—</i>		
International reserves held in the Exchange Fund Account (Note 10)	13,156	10,879
International Monetary Fund—Subscriptions	8,443	7,599
	<i>21,599</i>	<i>18,478</i>
<i>Less: International Monetary Fund—Notes payable</i>	7,151	6,310
Special Drawing Rights allocations	1,523	1,371
	<i>8,674</i>	<i>7,681</i>
TOTAL FOREIGN EXCHANGE ACCOUNTS	12,925	10,797
ACCOUNTS RECEIVABLE (net of allowance for doubtful accounts of \$1,496 million (\$1,496 million in 1993))	3,941	3,968
CASH IN TRANSIT	3,313	2,931
CASH	2,137	2,881
TOTAL FINANCIAL ASSETS	39,911	38,602
ACCUMULATED DEFICIT (Note 7)	508,210	466,198
TOTAL	548,121	504,800

⁽¹⁾ In both 1994 and 1993, the Provincial tax collection agreements account is in a debit position and is included in loans, investments and advances—Provincial and territorial governments.

	1994	1993
LIABILITIES		
SPECIFIED PURPOSE ACCOUNTS—		
Canada Pension Plan (net of securities held) (Note 11)	2,728	2,839
Pension liability (Note 12)	94,097	87,911
Government Annuities Account	736	778
Deposit and trust	1,146	1,143
Other	1,828	1,622
TOTAL SPECIFIED PURPOSE ACCOUNTS	100,535	94,293
OTHER LIABILITIES—		
Interest and matured debt (net of unamortized premiums, discounts and commissions on unmatured debt)	6,466	5,866
Accounts payable and accrued liabilities	15,690	11,827
Outstanding cheques and warrants	4,015	3,228
Allowance for employee benefits	3,555	3,285
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government	3,885	3,560
TOTAL OTHER LIABILITIES	33,611	27,766
UNMATURED DEBT—		
Payable in Canadian currency—		
Marketable bonds	203,445	178,465
Canada savings bonds	31,331	34,369
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund	3,497	3,505
Treasury bills	166,000	162,050
	404,273	378,389
Less: Government's holdings of unmatured debt	966	1,057
	403,307	377,332
Payable in foreign currencies—		
Marketable bonds	5,019	2,857
Canada bills	5,649	2,552
	10,668	5,409
TOTAL UNMATURED DEBT (Note 13)	413,975	382,741
TOTAL	548,121	504,800

The accompanying notes are an integral part of this statement.
Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Statement of Changes in Financial Position
for the Year Ended March 31, 1994

(in millions of dollars)

	1994	1993
CASH REQUIREMENTS FOR:		
OPERATING ACTIVITIES —		
Deficit for the year	42,012	41,021
Less: items not requiring cash		
Provision for valuation of assets and liabilities	2,689	799
Government contributions for employee benefits	1,579	1,489
Interest on — Employee superannuation accounts	9,094	8,466
— Other specified purpose accounts	439	492
	13,801	11,246
Cash required to meet deficit	28,211	29,775
Net payments from specified purpose accounts	3,435	3,594
Decrease in accounts receivable	-27	-240
Net increase (-) in accounts payable and accrued liabilities	-1,816	-892
Net increase (-) or decrease in accrued interest and unamortized premiums, discounts and commissions on unmatured debt	-600	710
CASH REQUIRED FOR OPERATING ACTIVITIES	29,203	32,947
INVESTING ACTIVITIES —		
Loans and investments made ⁽¹⁾	7,724	9,392
Less: repayments and recoveries ⁽¹⁾	7,077	7,842
CASH REQUIRED FOR INVESTING ACTIVITIES	647	1,550
TOTAL CASH REQUIREMENTS FOR ALL ACTIVITIES	29,850	34,497
FINANCED BY:		
Net increase (-) or decrease in foreign exchange accounts	-2,128	5,748
Issue of foreign currency notes and securities	22,438	4,701
Less: repayments	17,179	2,736
Net foreign currency borrowing	5,259	1,965
NET SOURCE FROM FOREIGN EXCHANGE TRANSACTIONS	3,131	7,713
Issue of Canadian currency securities	441,380	425,286
Less: repayments	415,405	396,395
NET CANADIAN CURRENCY BORROWING	25,975	28,891
NET DECREASE OR INCREASE (-) IN CASH	744	-2,107
TOTAL CASH PROVIDED FOR ALL ACTIVITIES	29,850	34,497

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ Figures differ from those shown in the Statement of Transactions because non-cash transactions have been re-classified and shown separately.

Notes to the Financial Statements of the Government of Canada

1. Summary of Significant Accounting Policies

i. Government of Canada as a reporting entity

As a reporting entity, the Government of Canada comprises the financial activities of all its organizations and funds which are owned or controlled by the Government and which are accountable to Parliament.

ii. Method of accounting for Government organizations

Except for enterprise Crown corporations, which are accounted for by the cost method, and the Canada Pension Plan (Note 11), all Government organizations are accounted for in the financial statements by consolidation. Enterprise Crown corporations are defined as those corporate organizations which are not dependent on parliamentary appropriations, and whose principal activity and source of revenue is the sale of goods and services to outside parties.

iii. Classification of financial transactions

The financial transactions of the Government are classified as budgetary, non-budgetary, foreign exchange and unmatured debt transactions.

Budgetary transactions enter into the calculation of the annual deficit or surplus and are reported on the Statement of Revenue and Expenditure. All other transactions lead to the acquisition or disposal of financial claims or to the creation or discharge of financial obligations, and are disclosed in the Statement of Assets and Liabilities.

Comparative figures are reclassified retroactively to conform to the current year's presentation.

iv. Budgetary transactions

On the Statement of Revenue and Expenditure, revenue and expenditure are reported both gross and net. The difference between the two is revenue from outside parties credited to appropriations, revenue of consolidated Crown corporations credited to expenditure, tax revenue items related to expenditure and included in revenue, and recovery of tax revenue credited to expenditure. Gross and net transactions are discussed in more detail in Note 4.

Revenue

Tax revenue is reported net of refunds, and excludes taxes collected on behalf of provinces and territories, and amounts credited to other liability accounts.

The Government generally reports tax revenue in the year in which it is received. Refunds of tax revenue are allocated to the year in which the processing cycle for the assessment of the related tax return has been started. However, cases of tax refunds that are both significant and unusual in nature, and where all applicable levels of appeal have been exhausted or are not expected to be pursued, are reported on an accrual basis. The Goods and Services Tax (GST) quarterly tax credits and payments under the child tax benefit program are charged in the period to which they relate.

Non-tax revenue is reported in the year in which the transactions or events that give rise to the revenue occur.

Expenditure

Expenditure includes charges for work performed, goods received, services rendered, and transfer payments made during the year. Expenditure may also include net charges related to allowances for the valuation of assets, for borrowings of agent enterprise Crown corporations, and for other liabilities.

v. Assets

Assets are defined as the financial claims acquired by the Government on outside parties. However, certain financial claims are not reported on the Statement of Assets and Liabilities. The most important of these is tax revenue receivable.

The capital assets of the Government, which include land, engineering structures, buildings, machinery and equipment, are recorded as expenditure at the time of acquisition or construction.

vi. Liabilities

Liabilities are defined as financial obligations of the Government to outside organizations and individuals as a result of events and transactions that occurred on or before the accounting date. Premiums, discounts and commissions pertaining to the issue of unmatured debt are deferred and amortized over the life of the debt instrument.

vii. Valuation of assets and liabilities

Assets are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation includes reductions from the recorded value of loans (and subscriptions to international organizations that make similar loans) with significant concessionary terms or when loans are expected to be recovered from future appropriations.

The Government's gold reserves are included in the international reserves held in the Exchange Fund Account and are valued in relation to international agreements and a basket of five currencies. Gold reserves are discussed in more detail in Note 10.

The Government views loans to sovereign states as collectible unless formally repudiated by the debtor. The Government establishes allowances in respect of potential debt or debt service relief measures for financially troubled countries under multilateral agreements. These allowances are included, as appropriate, in the allowance for valuation of assets and the allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government.

Liabilities are recorded at the estimated amounts ultimately payable.

Borrowings of agent enterprise Crown corporations are recorded as liabilities when they are not expected to be repaid directly by these corporations.

Employees' entitlements to severance and pension benefits are reported on an actuarial basis. This process is intended to determine current value of future entitlements

and uses various estimates. When actual experience varies from estimates, the adjustments needed are pro-rated over the estimated average remaining service lives of the employees. The pension liability is discussed in more detail in Note 12.

viii. *Translation of foreign currency transactions*

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of those transactions. Assets and liabilities denominated in foreign currencies are translated using rates at March 31.

ix. *Contingent liabilities*

Contingent liabilities, generally, are recorded in the accounts only when they become actual liabilities. Losses on loan guarantees are accrued as liabilities when it is likely that a payment will be required in the future to honour a guarantee and where the amount of the loss can be reasonably estimated. Specific amounts of contingent liabilities are reported when available. Where specific amounts are not available, estimates of potential liability are used, if determinable. Items for which no reasonable estimate can be made are not included. Contingent liabilities are discussed in more detail in Note 16.

2. Changes in Accounting Policies

In 1994, changes have been made in accounting policies for loans to be repaid through future appropriations, for premiums, discounts and commissions on unmatured debt and for certain tax refunds.

Consistent with recommendations for governments issued in April 1993 by the Canadian Institute of Chartered Accountants, a provision is now recorded and included in expenditure when a loan or a portion of a loan is expected to be recovered from future appropriations. The Government has also changed its method of accounting for premiums and discounts on marketable bonds and commissions on Canada savings bonds to deferral and amortization over the life of the debt instrument. Tax refunds are now accounted for on an accrual basis when related to cases that are both significant and unusual in nature, and where all applicable levels of appeal have been exhausted or are not expected to be pursued.

These changes were made pursuant to section 64(2)(d) of the *Financial Administration Act* and applied retroactively, with restatements of the previous year's deficit and accumulated deficit, for consistency.

The net effect of the changes made in 1994 on the accumulated deficit at the beginning of the year is \$907 million (\$365 million in 1993) and on the annual deficit is \$682 million (\$542 million in 1993).

3. Spending and Borrowing Authorities

i. *Spending authorities*

The following table summarizes the spending authorities authorized by Parliament in appropriation acts and other statutes which authorize spending for specified purposes, and are used by the Government either for expenditure or for loans, investments and advances.

The use of expenditure (budgetary) authority as reported in the following table differs from the total of net expenditure reported on the Statement of Revenue and Expenditure. Certain specified purpose accounts and certain Crown corporations are consolidated with the Government's financial statements but are not included in the expenditure (budgetary) authorities available for use. In addition, the authorities do not include the provision for valuation of assets and liabilities, which is authorized by section 63 of the *Financial Administration Act*.

	(in millions of dollars)			
	1994		1993	
	Expenditure (budgetary)	Loans, investments and advances (non-budgetary)	Expenditure (budgetary)	Loans, investments and advances (non-budgetary)
Authorities available for use, including those from previous years	139,953	40,375	143,762	56,056
Authorities available for use in subsequent years and lapsed, net of over-expended	2,983	38,843	3,075	53,861
Authorities used in the current year ⁽¹⁾	136,970	1,532	140,687	2,195
Effect of consolidating certain specified purpose accounts ⁽²⁾ —				
Unemployment Insurance Account	18,416		19,893	
Other accounts	107		18	
Accrual of non-tax revenue—Amounts to be credited to appropriations	-46		159	
Effect of consolidating certain Crown corporations ⁽²⁾	5		-62	
Net provision for valuation of assets and liabilities	2,689		799	
Internal revenue eliminated	-145		-93	
Net expenditure per Statement of Revenue and Expenditure	157,996		161,401	

⁽¹⁾ Details (unaudited) can be found in Tables 5 and 6, Section 1 of Volume II (Part I) of the Public Accounts.

⁽²⁾ Details (unaudited) of consolidated specified purpose accounts and consolidated Crown corporations can be found in Section 5 of this volume.

ii. *Overexpenditure of spending authority*

During the year, capital expenditures Vote 5 of the department of National Defence has been overexpended for an amount of \$51 million. The Ministry of Communications has reported overexpenditures below \$50 million.

All cases of overexpenditure represent the recognition of liabilities for expenditures which pertain to the 1993-94 fiscal year, but for which payment will be made in subsequent years. For votes that were overexpended, a subsequent year voted spending authority will be reduced by any payments made to discharge those liabilities.

Details (unaudited) of all overexpended votes can be found in the ministerial sections of Volume II (Part I) of the Public Accounts.

iii. Borrowing authorities

The following table shows the borrowing authorities available and their use, reconciled to the change in unmatured debt as reported on the Statement of Assets and Liabilities:

	(in millions of dollars)						
	1994				1993		
	Available	Used	Lapsed	Available for use in subsequent years	Available	Used	Available for use in subsequent years
Authorities which impose a ceiling through borrowing authority Acts	33,475	30,844		2,631	32,900	30,721	2,179
Section 47 of the <i>Financial Administration Act</i> ⁽¹⁾	10,850	3,891	6,959				
Adjustment for refunds of borrowings subject to Section 47 of the <i>Financial Administration Act</i>		-3,891					
Total	44,325	30,844	6,959	2,631	32,900	30,721	2,179
Net increase in unmatured debt		31,234				30,856	
Net change in matured Canada savings bonds not yet redeemed						66	
Change in internal holding of Government debt		-82				50	
Change in bonds issued to the Canada Pension Plan		8				-4	
Change in adjustments of consolidated Crown corporations holdings		-9				-13	
Foreign currency adjustments		-262				-234	
Difference in accounting basis—Real return bonds		-45					
Total use of borrowing authorities		30,844				30,721	

⁽¹⁾ Authorizes the Government to borrow, for a fixed period not exceeding six months, amounts necessary to ensure that the Consolidated Revenue Fund will be sufficient to meet lawfully authorized disbursements.

4. Revenue

i. Personal income tax

The following table presents details of personal income tax revenue as classified in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1994	1993
Gross personal income tax	57,538	61,572
Social benefit repayments		
Family allowances	339	371
Old age security benefits	325	348
Unemployment insurance benefits	39	59
	58,241	62,350
Less: Child tax benefits and related payments		
Child tax credits	1,612	2,335
Child tax benefit payments	5,196	1,356 ⁽¹⁾
Fiscal arrangements—Youth allowance recovery	382	376
	7,190	4,067
Net personal income tax	51,051	58,283

⁽¹⁾ The child tax benefit program was introduced in January 1993 to replace the child tax credits and the family allowances program.

The difference between the gross and net totals of personal income tax revenue consists of items (listed in the above table) that are related to expenditure but are

determined through the income tax or fiscal arrangements processes. These items are reflected in the gross amounts of the relevant transfer payments in the Statement of Revenue and Expenditure.

ii. Excise taxes and duties

The following table presents details of the goods and services tax (GST), and other excise taxes and duties as classified in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1994	1993
Goods and services tax collected	32,652	30,516
Less: refunds	11,921	10,703
rebates ⁽¹⁾	1,417	1,436
GST paid by ministries	933	1,006
Gross goods and services tax	18,381	17,371
Less: other transfer payments—quarterly tax credits	2,685	2,503
Net goods and services tax	15,696	14,868
Gross other excise taxes and duties	4,161	4,462
Less: other program expenditures—Revenue credited to appropriations	530	498
Net other excise taxes and duties	3,631	3,964

⁽¹⁾ GST rebates are reported net of GST collected by claimants.

The difference between gross and net GST represents quarterly tax credits which are related to expenditures but are determined through the personal income tax process. These credits are reflected in the gross amount of other transfer payments in the Statement of Revenue and Expenditure. The difference between gross and net other excise taxes and duties represents revenues from outside parties credited to appropriations. These revenues are reflected in the gross amounts of other program expenditures in the Statement of Revenue and Expenditure.

iii. Non-tax revenue

The following are details of non-tax revenue as shown in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1994	1993
Gross return on investments		
Loans, investments and advances	2,842	3,403
Foreign exchange accounts	2,670	3,559
Other	675	-89
	6,187	6,873
Less items included in above amounts:		
Other program expenditures—Revenue credited to appropriations	37	23
Crown corporations expenditures—Revenue of consolidated Crown corporations	8	12
Net return on investments	6,142	6,838
Gross other non-tax revenue	5,110	5,784
Less items included in above amounts:		
Other program expenditures—Revenue credited to appropriations	1,993	2,159
Crown corporations expenditures—Revenue of consolidated Crown corporations	607	649
Net other non-tax revenue	2,510	2,976

The difference between the gross and net totals of return on investments and other non-tax revenue consists of revenue from outside parties credited to appropriations and revenue of consolidated Crown corporations. These revenues are reflected in the gross amounts of the relevant transfer payments in the Statement of Revenue and Expenditure.

Other non-tax revenue is comprised principally of refunds of previous years' expenditure, services and service fees, privileges, licences and permits, proceeds from sale of capital assets and of current goods and services.

5. Expenditure

i. Transfer payments

The following is a more detailed summary of other transfer payments as shown in the Statement of Revenue and Expenditure:

	(in millions of dollars)	
	1994	1993
Other transfer payments—		
Agriculture	1,425	2,146
Communications	1,054	1,128
Employment and Immigration	1,391	1,438
External Affairs	2,380	2,537
Indian Affairs and Northern Development	4,219	3,915
Industry, Science and Technology	1,268	1,425
Transport	1,078	1,074
Veterans Affairs	1,444	1,459
Other	5,682	4,502
Total	19,941	19,624

ii. Crown corporations expenditures

The following are the major components included in Crown corporations expenditures:

	(in millions of dollars)	
	1994	1993
Expenditures of consolidated Crown corporations	4,772	4,858
Expenditures related to enterprise Crown corporations ⁽¹⁾	1,141	2,022
	5,913	6,880
Less: revenue of consolidated Crown corporations	615	661
Total	5,298	6,219

⁽¹⁾ Includes a provision for valuation of \$578 million (\$1,291 million in 1993).

iii. Other program expenditures

Other program expenditures by ministry are as follows:

	(in millions of dollars)	
	1994	1993
Communications	1,244	1,250
External Affairs	1,039	1,309
Industry, Science and Technology	1,386	1,416
National Health and Welfare	1,156	1,109
National Revenue	2,248	2,170
Solicitor General	2,503	2,357
Supply and Services	1,738	1,713
Transport	1,377	1,234
Other ministries	7,347	7,400
	20,038	19,958
National Defence	11,310	10,939
Total	31,348	30,897

iv. *Public debt charges*

Public debt charges include interest on unmatured debt, on specified purpose accounts (including superannuation accounts) and on other accounts, the amortization of discounts, premiums and commissions on unmatured debt and the servicing costs and costs of issuing new loans. Details (unaudited) can be found in Section 4 of this volume.

	(in millions of dollars)	
	1994	1993
Summary of public debt charges		
Interest		
on unmatured debt ⁽¹⁾	19,510	19,472
on specified purpose accounts	9,533	8,959
on other accounts	53	79
Amortization of discounts		
on Treasury bills	8,489	10,086
Amortization of discounts		
on Canada bills	140	18
Amortization of premiums and discounts		
on marketable bonds	156	121
Amortization of commissions		
on Canada savings bonds	58	58
Servicing costs and costs of issuing new loans	43	32
Total public debt charges	37,982	38,825

⁽¹⁾ Included in interest on unmatured debt is an amount of \$369 million (\$356 million in 1993) for special non-marketable bonds held by the Canada Pension Plan Investment Fund. This amount is unrelated to a borrowing authority act for purposes of the Debt Servicing and Reduction Account.

6. *Expenditure by Standard Object*

Expenditure on the Statement of Revenue and Expenditure is reported by standard object in the following table:

Standard Object	(in millions of dollars)	
	1994	1993
(1) Personnel	18,731	18,515
(2) Transportation and communications	1,964	2,015
(3) Information	219	311
(4) Professional and special services	3,245	3,308
(5) Rentals	1,171	1,096
(6) Purchased repair and maintenance	1,437	1,406
(7) Utilities, materials and supplies	2,402	2,417
(8) Construction and/or acquisition of land, buildings and works	986	849
(9) Construction and/or acquisition of machinery and equipment	3,695	3,616
(10) Transfer payments	92,540	91,253
(11) Public debt charges	37,982	38,825
(12) Other subsidies and payments	5,971	6,923
Total gross expenditure	170,343	170,534
(13) Less: revenues credited to the vote	2,560	2,680
Gross revenue of consolidated Crown corporations	615	661
Tax credits and repayments	9,172	5,792
Total net expenditure	157,996	161,401

Details (unaudited) can be found in Table 3a, Section 1 of Volume II (Part I) of the Public Accounts.

7. *Accumulated Deficit*

In accordance with its stated accounting policies, the Government includes in its revenues and expenditures the transactions of certain specified purpose accounts and Crown corporations. Legislation requires that the revenue of specified purpose accounts be earmarked and that related payments be charged against such revenue. Any deficiency of payments over revenue must be met through future revenue from these accounts. The following table shows the balances of these specified purpose accounts and the retained earnings of the consolidated Crown corporations included in the accumulated deficit:

	(in millions of dollars)	
	1994	1993
Accumulated deficit excluding consolidated accounts	503,920	462,357
Consolidated specified purpose accounts—		
Unemployment Insurance Account	6,649	6,016
Canadian Ownership Account	-3,567	-3,566
Western Grain Stabilization Account	1,092	1,100
Crop Reinsurance Fund	407	392
Other Insurance Accounts	-246	-238
Agriculture Commodities Stabilization Accounts	-103	25
Accrued expenditure of the Crop Reinsurance Fund	13	28
Accrued expenditure of the Unemployment Insurance Account	673	644
Accrued revenue of the Unemployment Insurance Account	-299	-298
Other specified purpose accounts	-253	-231
	4,366	3,872
Consolidated Crown corporations—		
Reversal of allowance for valuation	-100	-50
Retained earnings	24	19
	-76	-31
Accumulated deficit (restated for 1993)	508,210	466,198

Details (unaudited) of the consolidated accounts can be found in Section 5 of this volume.

8. *Crown Corporations*i. *Consolidated Crown corporations*

Consolidated Crown corporations are wholly-owned Crown corporations and their wholly-owned subsidiaries which rely on Government funding as their principal source of revenue.

A total of 25 Crown corporations were consolidated in 1994 (26 in 1993). The principal consolidated Crown corporations are: Canadian Broadcasting Corporation, Marine Atlantic Inc., and VIA Rail Canada Inc.

ii. Enterprise Crown corporations

As disclosed in Note 1ii, enterprise Crown corporations are not consolidated in these financial statements; the only amounts reported are the Government's loans and investments less allowance for valuation, balances owing between the Government and the enterprise Crown corporations, appropriations paid to the corporations and dividends or transfers of profit received from the corporations. The more significant Crown corporations are the

Bank of Canada, Canadian National Railway, Canada Mortgage and Housing Corporation, Export Development Corporation and Canada Deposit Insurance Corporation.

The following tables set out the assets, liabilities, revenues and expenses of enterprise Crown corporations.

The corporate financial statements of all Crown corporations are reproduced in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada.

Assets and liabilities

	(in millions of dollars)	
	1994	1993
Assets		
Financial		
Outside parties	39,690	39,802
Government and Crown corporations	28,885	23,235
Total financial assets	68,575	63,037
Physical assets and deferred charges	12,643	12,404
Total assets	81,218	75,441
Liabilities		
Outside parties		
Borrowings		
Agents	21,324	18,583
Non-agents	2,251	1,906
Bank of Canada notes in circulation and amounts owing to depositors	25,513	25,514
Other liabilities	11,662	8,765
Government and Crown corporations	15,036	15,130
Total liabilities	75,786	69,898
Net equity	5,432	5,543
Contractual commitments	9,877	7,732
Contingent liabilities	535	485

Details (unaudited) can be found in Section 6 of this volume.

⁽¹⁾ Of this amount, \$1,452 million (\$1,806 million in 1993) is from the Bank of Canada.

Revenues and expenses

	(in millions of dollars)	
	1994	1993
Revenues		
Outside parties	16,793	15,964
Government and Crown corporations	3,019	3,447
Total revenues	19,812	19,411
Expenses		
Outside parties	17,244	17,790
Government and Crown corporations	1,683	1,675
Total expenses	18,927	19,465
Net income/loss (-) for the year	885	-54
Other net changes in equity		
Dividends ⁽¹⁾	-1,479	-1,926
Other	483	689
Change in equity for the year	-111	-1,291
Net equity beginning of year	5,543	6,834
Net equity end of year	5,432	5,543

9. International Development Assistance—Loans and Subscriptions

i. Loans to developing countries

Included in loans to National governments of \$3,434 million (\$3,382 million in 1993) are loans to developing countries of \$1,903 million (\$1,968 million in 1993). These loans arose from agreements signed before April 1, 1986 and are either at low interest rates or are interest-free. Because of the financial benefits conferred on the recipients, they have been fully provided for in the allowance for valuation of assets.

All similar loans disbursed after April 1, 1986 have been treated as budgetary expenditures. Details (un-audited) can be found in Section 6 of this volume.

ii. Loans, investments and advances to international organizations

Loans, investments and advances to international organizations of \$5,691 million (\$5,436 million in 1993) include subscriptions and advances to the International Development Association, advances to the Global Environment Facility and loans to other international financial institutions. As at March 31, 1994, these amounted to \$4,394 million (\$4,344 million in 1993). Netted against loans, investments and advances to international organizations are notes payable of \$2,331 million (\$2,312 million in 1993), including \$2,285 million (\$2,272 million in 1993) of notes payable to the aforementioned association and institutions. The notes are non-interest bearing, non-negotiable and payable on demand, although normally encashed within seven years.

Some of the international organizations mentioned above make loans to developing countries on beneficial terms. Accordingly, net balances of loans and advances made prior to April 1, 1986 have been fully provided for in the allowance for valuation of assets. As at March 31, 1994, the amounts provided for were \$2,108 million (\$2,072 million as at March 31, 1993). All similar loans and advances disbursed after April 1, 1986 have been treated as budgetary expenditures.

Details (unaudited) can be found in Section 6 of this volume.

10. Gold

The Government keeps certain investments in its Exchange Fund Account to aid in the control and protection of the external value of the Canadian dollar. Part of these investments is kept in the form of gold: 5.6 million fine ounces (1993—9.1 million fine ounces). These gold holdings are valued at 35 SDRs which is a unit of account used by the International Monetary Fund valued in terms of a basket of five major currencies at \$68.40 (1993—\$61.57) per fine ounce which approximates cost. This valuation results in a recorded value of \$383 million (1993—\$560 million), which is much lower than the market value basis of \$3,016 million (1993—\$3,884 million); using values of \$538.54 per fine ounce in 1994 (1993—\$425.12). Further details are provided in the financial statements of the Exchange Fund Account in Section 9 of this volume.

11. Canada Pension Plan

The Canada Pension Plan liability is reported net of securities held by the Canada Pension Plan Investment Fund as follows:

	(in millions of dollars)	
	1994	1993
Canada Pension Plan Account	40,951	42,172
Less: securities held by the Canada Pension Plan Investment Fund	38,223	39,333
Total	2,728	2,839

The Plan was set up under federal legislation. It is under the joint control of the Government and participating provinces.

The Government must hold sufficient funds to pay benefits and costs of the Plan for the ensuing three-month period. Any amount in excess of this requirement is made available for loans to the provinces and territories in proportion to contributions made by the residents of the respective provinces and territories. Any part of this excess not borrowed by the provinces or territories is invested in federal securities. Legislation does not require the Canada Pension Plan Account to be determined on an actuarial basis. The Government's authority to pay benefits under the Plan is limited to the balance in the Canada Pension Plan Account.

In accordance with the accounting policies of the Government, the revenues and expenditures of the Plan (\$13,368 million and \$14,589 million respectively) have not been reported with those of the Government.

The financial statements of the Canada Pension Plan are included in Section 7 of this volume.

12. Pension Liability

The Government is responsible for defined benefit pension plans covering substantially all its full-time employees (including the Public Service, Canadian Forces, Royal Canadian Mounted Police and certain Crown corporations) as well as federally appointed judges and Members of Parliament. Pension benefits are generally calculated by reference to highest earnings for a specified period of time, are related to years of service and are indexed to inflation. Separate funds are not set aside to provide for payment of these pension benefits.

Annually, pension obligations are estimated by projecting benefits expected to be paid in the future and calculating their present value. Many assumptions are required for this process, including estimates of future inflation, interest rates, general wage increases, workforce composition, retirement rates and improved mortality rates. The long term rate of inflation used in the valuation is 1.5 percent.

The Government uses its best estimates for the assumptions affecting these pension obligations. Changes in assumptions can result in significantly higher or lower estimates of liabilities. For example, an increase of 1 percent in the inflation rate would increase the pension liability by approximately \$9,000 million, whereas an increase of 1 percent in interest rates would reduce the pension liability by about \$12,000 million.

The pension liability recorded in the financial statements is comprised of the accrued benefit obligation determined as of March 31, 1994, which amounted to \$79,897 million (1993—\$75,511 million) and unamortized pension adjustments of \$14,200 million (1993—\$12,400 million). The unamortized pension adjustments will be amortized over periods ranging from 7 to 14 years which will reduce expenditures in those years.

Crown corporations covered by the *Public Service Superannuation Act* need only match their employees' contributions, the cost of any deficiency is borne by the Government. Interest at the Government's long-term bond rate (about 10.5 percent in

1994 and 11 percent in 1993) is calculated in accordance with the pension legislation and is reported as part of the cost of public debt. Costs for 1994 are summarized as follows:

	(in millions of dollars)	
	1994	1993
Employer contributions	1,424	1,321
Indexation	39	58
Less: amortization of annual actuarial estimation adjustments	(1,435)	(1,200)
Net pension costs	28	179
Interest charged to public debt charges	9,094	8,466
	9,122	8,645

Details (unaudited) can be found in Section 7 of this volume.

13. Unmatured Debt

The following table presents interest rates and maturity of debt issues by currency and type at face value:

Maturing date(s)	(in millions of dollars)					
	Marketable bonds		Canada savings bonds ⁽¹⁾	Canada Pension Plan special non- marketable bonds	Treasury bills	Canada bills
	Canadian \$	Foreign currencies expressed in Canadian \$				Foreign currencies expressed in Canadian \$ Total
1995	21,211			9	166,000	5,649 192,869
1996	25,052	2,252		10		27,314
1997	16,155			11		16,166
1998	16,873		4,513	11		21,397
1999	18,875	2,767	4,267	12		25,921
2000/2004	55,469		11,449	93		67,011
2005/2009	16,925		11,102	2,828		30,855
Subsequent	32,885			523		33,408
	203,445	5,019	31,331	3,497	166,000	5,649 414,941
Less: Government's holdings of unmatured debt	53		913			966
	203,392	5,019	30,418	3,497	166,000	5,649 413,975
Effective average annual interest rate	8.86	6.04	5.50	10.2	4.47	3.44 6.75
Range of interest rates	3-15.75	3-10.125	5.50	7.61-17.51	3.624-6.252	2.93-9.78 3-17.51

Details (unaudited) can be found in Section 10 of this volume.

⁽¹⁾ Canada savings bonds are redeemable on demand.

Government debt is issued at both fixed and variable rates. The Government has entered into interest swap agreements to facilitate management of the risks associated with its interest rate exposure. As at March 31, 1994, the Government had interest swap agreements of US \$1,625 million and Cdn \$7,900 million in notional principal. Under these agreements, which expire between 1994 and 2005, fixed interest rate commitments have been converted to variable rates (tied to LIBOR or Banker's Acceptance).

The interest paid or payable and the interest received or receivable on all swap transactions is recorded as part of public debt charges in the Statement of Revenue and Expenditure.

Foreign currency amounts are translated to the Canadian dollar equivalent at year end. As at March 31, foreign currency borrowings included the following:

Currency	(in millions of dollars)		
	1994	1994	1993
	Face value	Canadian \$ equivalent	Canadian \$ equivalent
United States dollars	7,776	10,668	4,601
Yen ⁽¹⁾			808
		10,668	5,409

⁽¹⁾ The 1993 Canadian \$ equivalent is comprised of the conversion of Yen 60,000 million debt and US 120 million dollar swap risks.

14. Contractual Commitments

The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Contractual commitments are classified into the following seven categories: fixed assets, purchases, operating leases, transfer payment agreements, capital leases, international organizations and benefit plans for veterans.

All contractual commitments of \$50 million or more per project or individual contract including associated costs if not part of a project at year end, are reported for fixed assets, purchases, operating leases and for transfer payment agreements. All capital lease arrangements with total minimum lease payments remaining as at March 31 in excess of \$1 million per contract are reported. Commitments to international organizations in excess of \$1 million and benefit plans for which the Government has commitments in excess of \$50 million are also reported.

The following are the contractual commitments as at March 31, 1994, which will result in substantial outlays in future years, including those of consolidated Crown corporations:

Fixed assets, purchases, operating leases and transfer payment agreements

	(in millions of dollars)			
	1994		1993 ⁽¹⁾	
	Total estimated cost	Out-standing commitments	Total estimated cost	Out-standing commitments
Fixed assets	19,862	5,203	25,303	8,697
Purchases	1,215	547	917	430
Operating leases	1,258	1,153	407	375
Transfer payment agreements	16,392	13,682	11,904	11,581
Total	38,727	20,585	38,531	21,083
Outstanding commitments by year:				
1995		4,671		4,126
1996		4,078		4,150
1997		3,288		3,915
1998		2,840		3,532
1999		2,385		3,128
2000 and subsequently		3,323		2,232
		20,585		21,083

Details (unaudited) can be found in Section 11 of this volume.

⁽¹⁾ Figures for 1993 are for one year increments for 1994 to 1999 and subsequently.

Included in the outstanding transfer payment agreements commitments of \$13,682 million is an amount of \$10,082 million related to various contractual obligations of Canada Mortgage and Housing Corporation as an agent of the Government of Canada for social housing programs. Total financial

obligations under these contracts extend for periods ranging from 1 to 45 years. The uncertainty in forecasting the economic factors used to calculate these obligations precludes reasonable estimation of payments beyond a five-year period.

Estimated payments and expenses for the next five years are as follows:

FISCAL YEARS	(in millions of dollars)
1995	2,029
1996	2,007
1997	1,999
1998	2,012
1999	2,035

Capital leases

	(in millions of dollars)	
	1994	1993 ⁽¹⁾
Scheduled minimum lease payments to be made in:		
1995	113	128
1996	116	113
1997	115	116
1998	117	115
1999	119	117
2000 and subsequently	2,701	2,876
Total commitments under capital lease arrangements (minimum lease payments)	3,281	3,465
Less: imputed interest and executory costs	2,211	2,368
Net commitments under capital lease arrangements	1,070	1,097

Details (unaudited) can be found in Section 11 of this volume.

⁽¹⁾ Figures for 1993 are for one year increments for 1994 to 1999 and subsequently.

International organizations

The Government has entered into agreements with international organizations and other sovereign nations, committing it to disburse funds in future years for specified purposes. These include loans and advances to national governments and international organizations that have been approved but not yet disbursed. These commitments amounted to \$2,031 million as at March 31, 1994 (\$2,432 million as at March 31, 1993). The Government is also committed, as at March 31, 1994, to subscribe to additional shares in international organizations of \$96 million in future years (\$137 million as at March 31, 1993). Details (unaudited) can be found in Section 11 of this volume.

Benefit plans for veterans

Under the *Pension Act*, the Government provides pensions and benefits for disability and death arising from military service. Estimated annual expenditures under this Act will approximate \$1,000 million over the next few years.

The Government also provides pensions to members of the Canadian Forces who became members prior to April 1, 1946 and members of the RCMP who became members prior to March 1, 1949 under the *Defence Services Pension Continuation Act* and the *RCMP Continuation Act* respectively. It is estimated that each of these obligations is of the order of \$150 million.

15. Insurance Programs

Three agent enterprise Crown corporations operate insurance programs as agents of Her Majesty. These programs are intended to be self-sustaining, but in the event that the corporations do not have sufficient funds to meet their obligations, the Government provides the required financing through appropriations, either budgetary or non-budgetary. The Government is of the opinion that no allowance needs to be established in its financial statements for these insurance programs.

The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits with member banks and trust and loan companies for up to \$60,000 per depositor per institution. Total insured deposits as at March 31, 1994 were \$306,938 million (\$303,071 million as at March 31, 1993). The Corporation is self-funded through assessment of premiums from members and there is no legislative requirement for the Government to supply any funding other than through interest-bearing loans. Although there is now a deficiency in the Deposit Insurance Fund of \$1,648 million (\$1,513 million as at March 31, 1993), the Government is of the opinion that CDIC will, over time, be able to eliminate this deficiency and meet its liabilities to the Government, without budgetary support from the Government.

The Canada Mortgage and Housing Corporation administers the Mortgage Insurance Fund (MIF). The MIF provides insurance for mortgage lending on Canadian housing by private institutions. Insurance in force as at March 31, 1994 was \$88,000 million (\$74,600 million as at March 31, 1993). Budgetary financial assistance is provided by the Government only to the extent required. The MIF's surplus as at March 31, 1994 was \$38 million (\$86 million in 1993) and the excess of receipts over disbursements has resulted in investments in securities of \$1,558 million as at March 31, 1994 (\$1,298 million in 1993).

The Export Development Corporation provides export and foreign investment insurance for the purpose of facilitating and developing export trade. Insurance in force as at March 31, 1994 was \$6,877 million (\$5,886 million in 1993). The Corporation's premium revenues have been adequate to provide for the full costs of claims experienced to date and to establish an allowance for possible future claims based on past claims experience.

The most recent annual financial statements of these corporations and their insurance funds can be found in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada. Unaudited details of the transactions for these three insurance programs for the year ended March 31, 1994 can be found in Section 11 of this volume.

16. Contingent Liabilities of the Government of Canada

The contingent liabilities of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. They result from legislation, from the exercise of guarantees, from claims and pending and threatened litigation related to native land claims and treaty rights, breach of contract, damages to persons and property, from callable share capital and lines of credit in international organizations and like items.

Contingent liabilities which may become actual liabilities may be summarized as follows:

	(in millions of dollars)	
	1994	1993
i) Guarantees by the Government of:		
Borrowings of agent enterprise Crown corporations ⁽¹⁾	21,325	18,583
Borrowings by other than Crown corporations	7,872	6,773
Insurance programs of the Government	1,407	1,367
Other explicit guarantees	617	816
Total guarantees	31,221	27,539
Less: allowance for losses ⁽¹⁾	4,930	4,555
	26,291	22,984
ii) International organizations	14,634	13,410
iii) Claims and pending and threatened litigation ⁽²⁾	8,268	6,896
iv) Comprehensive native land claims ⁽²⁾	623	1,185
v) Consolidated Crown corporations	45	82
	49,861	44,557

Further details (unaudited), including particulars of explicit guarantees, authorized limits and information on previous claims, unquantified items and letters of comfort, can be found in Section 11 of this volume.

⁽¹⁾ Included in the allowance for losses of \$4,930 million (\$4,555 million in 1993) is an amount of \$3,885 million (\$3,560 million in 1993) for borrowings of agent enterprise Crown corporations.

⁽²⁾ Figures for 1993 have been restated to conform to this year's presentation. Pending native regional claims of \$354 million have been moved from claims and pending and threatened litigation to comprehensive native land claims.

Guarantees

These are amounts guaranteed by specific agreement or legislation. Insurance programs administered by agent enterprise Crown corporations are not considered to be contingent liabilities since they are currently supported by fees or premiums and are intended to be self-funding. Amounts represented by letters of comfort are not included since they are not explicit guarantees of payment.

International organizations

The Government has contingent liabilities for callable share capital in international organizations of \$12,886 million as at March 31, 1994 (\$11,436 million as at March 31, 1993). The Government has also incurred contingent liabilities in respect of future callable share capital. As at

March 31, 1994, these amounted to \$5 million (\$404 million as at March 31, 1993). The Government has, as well, issued lines of credit to international development institutions to finance future lending. As at March 31, 1994, contingent liabilities under these lines of credit amounted to \$1,744 million (\$1,570 million as at March 31, 1993).

Details (unaudited) can be found in Section 11 of this volume.

Claims and pending and threatened litigation

This category includes claims which are actually under litigation, or may be litigated, for which specific amounts are claimed or potential settlements can be quantified. It includes amounts in respect of specific native claims, breach of contract, expropriation, losses or damage related to property, claims related to equal pay for work of equal value, and like items. A major part of these claims is made up of specific native claims and litigation related to statutory and treaty obligations. Approximately 460 additional specific native claims and additional litigation have not been quantified and are thus not included.

Comprehensive native land claims

Comprehensive native land claims are claims submitted by First Nations seeking to establish their aboriginal title to lands not covered by treaties. The Department has 55 comprehensive native land claims that are either under negotiation, accepted for negotiation or under review. Of these 55 comprehensive claims, 10 relate to the Council for Yukon Indians and 1 relates to the Dene-Metis. Should final agreements with the 10 Yukon First Nations and with the two remaining regions of the Dene-Metis be reached and ratified, the Government would be liable to pay financial compensation over a number of years as follows: Council for Yukon Indians \$163 million, Dene-Metis \$197 million, and implementation costs of \$263 million related to these claims. The remaining 44 comprehensive claims have not yet been quantified.

Consolidated Crown corporations

These are the contingent liabilities of Crown corporations whose revenues, expenditures, assets and liabilities are reported with those of the Government.

Environment

The Government's commitment to sustainable development for Canada has been expressed in The Green Plan. As part of this Plan, the Government has adopted a Code of Environmental Stewardship covering all areas of its operations. The Code will be complemented by a list of targets or objectives reflecting environmental commitments that the Government has made or is making and that will be implemented in its operations. They will cover a broad range of issues, from real property management and waste generation to contaminated site clean-up. The cost to the Government of these commitments is not determinable at this time. The determination of the cost, which will be subject to and depend on evolving public policy and legislation, is expected to take a number of years to complete.

SUPPLEMENTARY STATEMENTS

In the February 1991 Budget, the Government introduced measures aimed at improving its financial and economic position. These measures included proposals for a *Spending Control Act* and a *Debt Servicing and Reduction Account Act*. On June 18, 1992, both Acts were passed by Parliament with implementation for the 1991-92 fiscal year.

The intention of these Acts is to limit program spending. The *Spending Control Act* deals with limiting program spending for the period from 1991-92 to 1995-96 inclusive to the levels projected in the February 1991 Budget. The *Debt Servicing and Reduction Account Act* calls for certain revenues including the Goods and Services Tax (GST) to be used to service the public debt and not to fund new program spending. Transactions in respect of both Acts are reported in the following two statements.

OPINION OF THE AUDITOR GENERAL ON THE STATEMENT REQUIRED UNDER THE *SPENDING CONTROL ACT*

To the House of Commons:

I have audited the statement by the Minister of Finance respecting compliance with the *Spending Control Act* for the year ended March 31, 1994. This financial statement is the responsibility of the Government. My responsibility is to express an opinion on this financial statement based on my audit, as required by section 8 of the *Spending Control Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents information fairly, in all material respects, in accordance with the *Spending Control Act* and the stated accounting policies of the Government of Canada as set out in Note 2 of the financial statement. As required by section 8 of the *Spending Control Act*, I also report that, in my opinion, after giving retroactive effect to the changes in accounting policies as explained in Note 2, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statement and this opinion are included in my observations at the end of this section.



L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
July 26, 1994

Statement by the Minister of Finance respecting compliance with the *Spending Control Act* for the Year Ended March 31, 1994

(in thousands of dollars)

	1994	1993
Total expenditure for the year	157,995,864	161,401,345
Less:		
Public debt charges	37,982,416	38,825,144
Expenditures under the <i>Unemployment Insurance Act</i>		
Benefits	17,626,378	19,064,891
Administration	1,310,149	1,242,481
Expenditures under the <i>Farm Income Protection Act</i>		
Advances to a Revenue Insurance Fund and provincial revenue		
insurance program or gross revenue insurance program	350,568	135,388
Expenditures related to events occurring prior to		
April 1991	60,629	556,293
	57,330,140	59,824,197
Program spending subject to spending control (Note 5)	100,665,724	101,577,148
Spending limit for the year	104,100,000	100,900,000
Allocation of underspending (Note 4)		579,248
Expenditures justified by current or future years' increases in revenue (Note 3)	75,100	97,900
Adjusted spending limit for the year	104,175,100	101,577,148
Underspending (-) for the year (Note 4)	-3,509,376	

The accompanying notes are an integral part of this statement.

Notes to the Statement by the Minister of Finance respecting compliance with the *Spending Control Act*

1. Authority and Objective

The statement is required by the *Spending Control Act* which received Royal Assent on June 18, 1992. Section 6 of the Act requires that for each controlled fiscal year, a statement by the Minister of Finance respecting compliance with this Act in that year, be reported in the Public Accounts. This Act covers fiscal years 1991-92 to 1995-96 inclusive.

The objective of the *Spending Control Act* is to ensure that the program spending over the 1991-92 to 1995-96 fiscal years will not, except under prescribed circumstances, exceed the limits established in the Act.

2. Significant Accounting Policy

The following accounting policy conforms to the stated accounting policies of the Government.

Expenditure

Expenditures are reported on the accrual basis of accounting and conform to the amounts reported in the Statement of Revenue and Expenditure of the Government of Canada.

Changes in Accounting Policies

In 1994, changes in accounting policies were made for loans to be repaid through future appropriations, and for premiums, discounts and commissions on unmatured debt.

The effect of the changes on the expenditure for the year is \$582 million (-\$530 million in 1993).

3. Spending Limit of the Fiscal Year

Pursuant to section 4 of the *Spending Control Act*, the spending limit for a fiscal year can be modified. In compliance with this section, the President of the Treasury Board may certify that a proposed increase in expenditures for a specific program is justified by reasons of good management. This situation applies only when an increase in expenditures results in an equivalent increase in revenues that would not otherwise occur. In 1993-94, an increase in expenditures of \$75.1 million (\$97.9 million in 1992-93) was proposed pursuant to section 4.

Notes to the Statement by the Minister of Finance respecting compliance with the *Spending Control Act*—Concluded

4. Excess or Underspending

Where program spending exceeds the spending limit for a fiscal year, the excess must be offset through reduced spending in the following two years.

Where the spending limit for a fiscal year exceeds program spending, the Minister of Finance may partially or fully allocate the excess to a subsequent fiscal year. In the February 1994 Budget, the Minister of Finance allocated part of the 1991-92 underspending (\$1,625 million) to cover the excess spending of 1992-93 (\$579 million). As a result, the spending limit for 1991-92 was lowered to \$96,621 million, while the limit for 1992-93 was raised to \$101,479 million.

5. Legislative Changes Affecting Reported Program Spending

In 1993, changes in legislation affected certain expenditures for employee pensions and the family allowances benefit program which were controlled under the *Spending Control Act*. The spending limits were not adjusted to reflect these legislative changes. Had the spending limits for 1994 and 1993 been adjusted downwards, there would have been excess spending of approximately \$235 million in 1994 and \$1,600 million in 1993.

**OPINION OF THE AUDITOR GENERAL
ON THE
STATEMENT OF TRANSACTIONS OF THE
DEBT SERVICING AND REDUCTION ACCOUNT**

To the House of Commons:

I have audited the statement of transactions of the Debt Servicing and Reduction Account for the year ended March 31, 1994. This financial statement is the responsibility of the Government. My responsibility is to express an opinion on this financial statement based on my audit, as required by section 9 of the *Debt Servicing and Reduction Account Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the transactions of the Debt Servicing and Reduction Account for the year ended March 31, 1994 in accordance with the *Debt Servicing and Reduction Account Act* and the stated accounting policies of the Government of Canada

as set out in Note 2 of the financial statement. As required by section 9 of the *Debt Servicing and Reduction Account Act*, I also report that, in my opinion, after giving retroactive effect to the change in accounting for premiums, discounts and commissions pertaining to unmatured debt as explained in Note 3, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statement and this opinion are included in my observations at the end of this section.



L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
July 26, 1994

**Debt Servicing and Reduction Account
Statement of Transactions
for the Year Ended March 31, 1994**
(in thousands of dollars)

	1994	1993
Goods and services tax collected	32,652,170	30,516,021
Less: refunds	11,921,362	10,702,148
rebates	1,416,572	1,436,357
GST paid by ministries	933,095	1,006,047
quarterly tax credits	2,685,232	2,503,306
	16,956,261	15,647,858
Net goods and services tax	15,695,909	14,868,163
Penalties and interest received		
for goods and services tax	89,739	71,407
Gain on wind-up of interest in Crown corporations		
and disposal of shares in Crown corporations		110,259
Gifts to the Crown	152	107
Proceeds credited to the Account	15,785,800	15,049,936
Public debt expenditures charged to the Account		
Public debt expenditures chargeable to the Account (Note 4)	28,027,189	29,430,557
Less: amount in excess of the Account's balance ⁽¹⁾	12,241,389	14,380,621
	15,785,800	15,049,936
Account balance, end of year	NIL	NIL

The accompanying notes are an integral part of this statement.

⁽¹⁾ Public debt expenditures chargeable to the Account exceeded the amount available in the Account balance for these charges. Under these circumstances, only the amount necessary to bring the Account balance to nil is charged to the Account as required under section 6 of the *Debt Servicing and Reduction Account Act*.

Notes to the Statement of Transactions of the Debt Servicing and Reduction Account

1. Authority and Objective

On June 18, 1992, the *Debt Servicing and Reduction Account Act* received Royal Assent. Section 8 of the Act requires that the Public Accounts for the 1991-92 and each subsequent year contain a statement setting out the transactions in that year with respect to the Debt Servicing and Reduction Account.

The objective of the *Debt Servicing and Reduction Account Act* is to apply certain Government revenues against charges associated with the public debt. These revenues include Goods and Services Tax (GST), certain gains on disposals of investments in Crown corporations, and gifts to the Crown. The transactions recorded in the Account have been paid into or charged against the Consolidated Revenue Fund, and the Account is consolidated in the summary financial statements of the Government.

2. Significant Accounting Policies

The following accounting policies conform to the stated accounting policies of the Government.

i. Goods and services tax (GST)

The Government generally reports GST revenue in the year in which it is received.

The GST refunds and rebates are allocated to the year in which they are paid. The GST quarterly tax credits are charged in the first month of the quarter to which they relate. GST rebates are reported net of GST collected by claimants.

ii. Other amounts credited to the Account

Gain on sale of shares in Crown corporations, gain on disposal of shares or interest on wind-up of Crown corporations and gifts to the Crown are reported in the year in which the transactions or events that give rise to these revenues occur.

iii. Public debt expenditures charged to the Account

Public debt expenditures include costs incurred by the Government during the year in servicing, issuing, repayment, discharge or settlement of a debt, under the authority of a *Borrowing Authority Act*.

3. Change in accounting policy

In 1994, the Government of Canada has changed its method of accounting for premiums and discounts on marketable bonds and for commissions on Canada Savings bonds from recognition in the year in which it is received or paid, to deferral and amortization over the life of the debt instrument. This change was applied retroactively and the previous year's public debt charges have been restated.

The net effect of this change for the year is an increase in public debt charges of \$558 million (a reduction of \$569 million in 1993).

4. Public Debt Expenditures Chargeable to the Account

Public debt expenditures chargeable to the Account are calculated as follows:

	(in thousands of dollars)	
	1994	1993
Public debt charges	37,982,416	38,825,144
Less: amounts unrelated to a		
<i>Borrowing Authority Act</i> —		
Interest on unmatured debt ⁽¹⁾	369,133	356,443
Pension and other		
liabilities	9,586,094	9,038,144
Public debt expenditures		
chargeable to the Account	28,027,189	29,430,557

⁽¹⁾ This amount is for special non-marketable bonds held by the Canada Pension Plan Investment Fund.

SUPPLEMENTARY INFORMATION

OBSERVATIONS BY THE AUDITOR GENERAL

ON THE

FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA, THE STATEMENT

REQUIRED UNDER THE *SPENDING CONTROL ACT* AND THE STATEMENT OF

TRANSACTIONS OF THE DEBT SERVICING AND REDUCTION ACCOUNT

Introduction

The first part of this section comprises the Financial Statements of the Government of Canada for the year ended March 31, 1994 and my audit opinion on them. The mandate for my audit of these statements is contained in section 6 of the *Auditor General Act*. Also included in this section are two supplementary statements and my audit opinion on each: the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account. The mandate for my audit of these statements is contained, respectively, in section 8 of the *Spending Control Act* and in section 9 of the *Debt Servicing and Reduction Account Act*.

In the observations that follow, I comment on a significant accomplishment by the Government this year, and on matters that require continuing attention in future years. I also explain in more detail the meaning of my audit opinions on the three sets of financial statements in this section, how I arrived at the opinions and what they provide to users. I believe that including these observations in the Public Accounts will help parliamentarians and other users to obtain a more complete understanding of the Government's financial statements and my audit opinions on them.

The Annual Financial Report:

A Significant Achievement by the Government

In mid-September, the Minister of Finance published an Annual Financial Report for the 1993-94 fiscal year. Included in that report are condensed financial statements and my audit opinion on them. In addition, the document includes financial highlights and economic developments for the year, presented in an understandable and attractive form, as well as a "scorecard", that is, a comparison of actual results for the year with related amounts forecast in budgets of previous years.

The condensed financial statements do not contain the detail included in the financial statements in this section. They have been designed to be more understandable to people with somewhat less knowledge of the Government. My opinion to the Minister of Finance simply states that the condensed statements fairly summarize the more detailed information contained in the financial statements in this section.

Publication of the Annual Financial Report marks the earliest that audited overall financial information about the Government has ever been published. The 1994 Public Accounts is being tabled many weeks later, due to the massive amount of information contained in the remaining sections and volumes and the time required to assemble and print the document.

The Government's release of an Annual Financial Report by mid-September was no easy task. It resulted from hard work and co-operation by all departments and agencies; strong central direction by the Comptroller Sector of the Treasury Board Secretariat, the Fiscal Policy and Economic Analysis Branch of Finance, and the Central Accounting and Reporting Sector of Public Works and Government Services; a high level of co-operation with auditors from my Office; and encouragement and support over many years by the Public Accounts Committee.

Matters Requiring Continuing Attention

The financial statements in this section, and the condensed statements in the Annual Financial Report, conform for the most part with recommendations of the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. With the changes in accounting policies that have been made this year, as described in Note 2, and the comparison of budgeted amounts with the 1993-94 actuals presented in the Annual Financial Report, the only significant recommendation of the Public Sector Accounting and Auditing Board that has not yet been implemented relates to the way the Government accounts for and reports its investments in enterprise Crown corporations.

In the Statement of Assets and Liabilities, investments in enterprise corporations are recorded at cost, and then reduced by allowances to take account of reductions in value. The Public Sector Accounting and Auditing Board recommends that such investments be adjusted up or down at the end of the year by the Government's share of corporate profits or losses during the year. I have not added a reservation to my opinion on the Government's financial statements for failure to comply with this recommendation, because there is little effect on the reported deficit this year.

While significant improvements have been made in 1993-94 in the understandability of financial information about the Government and the timeliness of its publication in audited form, there is still room for improvement. For example, understandability would be greatly enhanced if information were presented solely on a gross basis, rather than the current practice of providing information both gross and net. In addition, while mid-September for the release of audited financial results is a major achievement, I am prepared to work with the Government to achieve an even earlier publication next year.

In summary, the evolution to date of financial reporting by the Government, aided by encouragement from the Public Accounts Committee and supported by my Office, is truly a remarkable achievement. Evidence of that achievement is the fact that I have been able to render opinions without qualification in four of the past five years. The remainder of these observations describe my opinions and how I arrived at them.

My Audit Opinions:

What They Mean, How I Arrived at Them, and What They Provide

What my audit opinions mean. This section of my observations examines in more detail the messages that I convey through my audit opinions. To properly understand these opinions, the reader should review carefully each paragraph, each year. It is incorrect to assume that my opinions remain the same from one year to the next. Each of the audit opinions consist of three paragraphs:

The introductory paragraph. The introductory paragraph begins by listing the financial statements covered by my opinions. It is important to note that my audit opinions relate only

to the financial statements and related notes contained in Section 1 of Volume I of the Public Accounts of Canada. They do not extend to the more detailed information presented in other sections of Volume I, or to Volume II.

The introductory paragraph concludes by confirming that the financial statements are the responsibility of the Government, and that my responsibility is to form an opinion and report on the fairness of the financial statements.

The scope paragraph. In this paragraph, I state that my audit work on the Government's financial statements has been conducted according to generally accepted auditing standards prescribed by the Canadian Institute of Chartered Accountants. I use these standards to ensure that my audit is conducted with appropriate rigor and professionalism. It is important to note that my audit work includes, among other procedures, testing a sample of transactions, not checking every one of them.

In the scope paragraph, I also explain that my audit includes assessing the reasonableness of significant estimates made by the Government. There is a good deal of judgment required in preparing and auditing summary financial statements for an entity the size of the Government of Canada. Many of the significant amounts reported in the financial statements, such as allowances for valuation of various assets and liabilities and the pension liability, are based on estimates made by the Government. These accounts are inherently imprecise. When considering whether misstatements exist in them, I determine a range of values for each that I believe would be reasonable. If the balance of the account as determined by the Government falls within my range, I conclude that the specific estimate is not misstated.

Finally, I make reference in the scope paragraph to the fact that an audit also includes assessing the appropriateness of the accounting policies used by the Government and evaluating the overall presentation of the financial statements. To present information fairly, the financial statements must be free of significant misstatement. To determine what constitutes a misstatement, there must be standards against which my judgments can be made. The standards that I continued to use this year were the Government's own stated accounting policies, certain recommendations of the Public Sector Accounting and Auditing Board and, for the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account, the provisions of enabling legislation.

The opinion paragraph. It is important to note that my opinions are not statements of fact; rather, they are expressions of my professional judgment. The opinion paragraph contains my overall conclusions about several important matters. For the financial statements of the Government of Canada, these matters are:

- whether the statements present information fairly;
- whether the statements were prepared in accordance with the Government's stated accounting policies; and
- whether the stated accounting policies were applied on the same basis as in the preceding year.

For the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account, my conclusions also relate to an additional matter: whether the statements present information in accordance with the Acts that create them.

How I arrive at my opinions. With all of this in mind, if I conclude that, in the aggregate, the financial statements are free of significant misstatement, I report that information is "presented fairly". If I conclude that the statements are materially misstated, I add supporting reservations to explain why.

In planning my audit of each of the three sets of financial statements included in this section of the Public Accounts, I first consider a dollar amount called "materiality". This dollar amount is then used in determining the nature, extent and timing of the audit work required. In addition, in all of my audit work on these financial statements, I also take into account the basic requirement that the Government comply with parliamentary authorities to spend, borrow and raise revenues.

Materiality. As I have already noted, to present information fairly the financial statements must be free of significant misstatements. This concept, called materiality, is explicitly referred to in both the scope paragraph and the opinion paragraph of my audit opinions.

The aggregate of all misstatements in the financial statements is considered material if, in the light of surrounding circumstances, it is probable that the misstatements would change or influence the decision of a person who was relying on the financial statements and who had reasonable knowledge of the Government and its activities. I will include a reservation in my audit opinion if I believe that the aggregate of all the misstatements in the financial statements would mislead the users relying on them.

In the planning phase of my audit, the determination of materiality is a quantitative process. Before beginning work, I consider the dollar magnitude of misstatements in the financial statements that I believe would influence the decisions of users. I base this amount on the total expenditures of the Government. For this year's audit, I have set planning materiality at slightly more than one half of one percent of total gross expenditures. In absolute dollars this is a large amount. However, I believe that my audits must be cost-effective, and that this level of materiality will provide appropriate credibility at reasonable cost.

My determination of appropriate materiality limits for my audits of the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account were also based on professional judgment.

As discussed above, I designed my audit to detect misstatements that, in the aggregate, equal or exceed materiality. For reasons of sensitivity, some procedures such as those designed to detect non-compliance with spending authorities are performed at a lower level of materiality. At the same time, larger materiality amounts are used for other misstatements, such as those with no impact on the annual deficit.

Applying materiality appropriately requires significant professional judgment. For example, certain audit procedures are directed at financial statement items that, by their nature, are inherently difficult to estimate, such as the pension liability and allowances for valuation discussed earlier. For such items, I design procedures to detect misstatements that would be material, after taking into account their inherent imprecision and their magnitude. In other words, I use professional judgment to determine whether decisions of users would be affected, and thus to determine if a reservation of my opinions should be considered. I strongly encourage the Government to correct all misstatements that are detected during my work.

The nature, extent and timing of my audit work. In my audit opinions, I do not say that the financial statements are "correct". The nature and extent of my audit work cannot be designed in any reasonable way to reach such a conclusion. The size and complexity of the Government make it impractical for me to examine all or even most of the trillions of dollars in individual transactions entered into during the year. In addition, as noted earlier, to be useful my audits must be cost-effective.

To be in a position to render my audit opinions, generally accepted auditing standards require that I have "reasonable assurance" that my audits will reveal misstatements aggregating to more than the predetermined materiality levels. I planned my audits of the Financial Statements of the Government of Canada, the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account to achieve a high level of overall audit assurance. To obtain the desired level of assurance, I verified samples of transactions and account balances, performed analyses, confirmed year-end balances with third parties and, where I considered necessary, reviewed significant internal controls.

What my audits provide. In describing what my audit reports provide to readers, it is important to highlight what the reports do not do. In this respect, my audit opinions do not provide assurance as to whether the Government made economical, efficient and effective use of its resources. That is something we do separately from our audit of the Government's financial statements.

In addition, my audit of the Government's financial statements was neither extensive enough nor designed to provide assurance on the integrity of each of the Government's many and varied systems of internal control and compliance with spending limits in each of the Government's several hundred individual appropriations. Additional work in each of these areas is, however, conducted on a cyclical basis within departments and agencies. I consider all of this work in developing my opinion on the Government's financial statements. If issues are identified that I feel are significant to the users of the financial statements, I will mention them in my opinion. Although some serious issues of internal control and compliance with authority were identified, none of these require mention in the context of my opinion on the financial statements. The results of this work are included in my 1994 Report to the House of Commons.

Further, due to the accounting policies the Government follows, my audit of tax revenue is restricted to amounts received during the year. Income tax revenue is based on self-assessed income earned and reported by taxpayers. Self-assessed income tax reported to the Government after the end of the year, additional tax assessed by the Government through audits in future years, and tax not reported to the Government at all (the "underground economy") are effectively excluded from the financial statements of the year. These items can be subject to audit only when, and if, amounts are received in the future.

In Summary. My audits of the financial statements in this section are designed to enhance the credibility of the information that the Government reports. In conducting these audits, I continually look for innovative ways to make them more relevant to readers of the financial statements and more cost effective.

SECTION 2

1993-94

PUBLIC ACCOUNTS

Supplementary Financial Information

CONTENTS

	<i>Page</i>
Introduction	2.2
Public Accounts presentation	2.2
National Accounts presentation	2.10
Public Accounts and National Accounts reconciliation	2.11

NOTE TO READER

Major reorganizations were made to the structure and names of certain ministries in 1993-94. For details of these changes, please refer to the **Introduction** at the beginning of this volume.

SUPPLEMENTARY FINANCIAL INFORMATION

Introduction

This section provides a ten year comparative summary of the Government's financial transactions, both on the Public Accounts basis and on the National Accounts basis. The Public Accounts presentation reflects the accounting policies explained in Note 1 to the audited financial statements in Section 1 of this volume. The National Accounts presentation is designed primarily to facilitate economic analysis of the federal Government sector on a basis consistent with that used in measuring income and expenditure flows in the economy.

Public Accounts Presentation

The "Summary Statement of Transactions" (Table 2.1) provides aggregate data on the major categories of transactions under four main headings: budgetary, non-budgetary, foreign exchange and unmatured debt. The resulting cash position at the end of each year is also shown.

TABLE 2.1
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
SUMMARY STATEMENT OF TRANSACTIONS ⁽¹⁾
(in millions of dollars)

	Year ended March 31									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
I. Budgetary transactions										
A. Revenue, Table 2.2	71,056	76,933	85,931	97,612	104,067	113,707	119,353	122,032	120,380	115,984
B. Expenditure, Table 2.3	-109,493	-111,528	-116,673	-125,406	-132,840	-142,637	-151,353	-156,389	-161,401	-157,996
Deficit	-38,437	-34,595	-30,742	-27,794	-28,773	-28,930	-32,000	-34,357	-41,021	-42,012
II. Non-budgetary transactions, Table 2.6										
A. Loans, investments and advances	636	27	1,335	1,127	897	995	291	-233	188	430
B. Specified purpose accounts	5,100	5,186	5,328	6,766	4,886	6,418	6,217	5,483	5,653	6,242
C. Other transactions	2,877	-1,128	1,161	1,052	566	987	954	-2,693	683	5,490
Net source	8,613	4,085	7,824	8,945	6,349	8,400	7,462	2,557	6,524	12,162
Financial requirements (excluding foreign exchange transactions) ⁽³⁾	-29,824	-30,510	-22,918	-18,849	-22,424	-20,530	-24,538	-31,800	-34,497	-29,850
III. Foreign exchange transactions⁽²⁾, Table 2.7	2,423	5,626	-6,390	-7,149	-5,730	-697	-4,895	941	7,713	3,131
Total financial requirements ⁽³⁾	-27,401	-24,884	-29,308	-25,998	-28,154	-21,227	-29,433	-30,859	-26,784	-26,719
IV. Unmatured debt transactions⁽²⁾, Table 2.7	26,847	23,770	29,182	22,913	28,454	20,906	30,490	29,064	28,891	25,975
Change in cash ⁽⁴⁾	-554	-1,114	-126	-3,085	300	-321	1,057	-1,795	2,107	-744
V. Cash balance at end of year, Table 2.7	5,858	4,744	4,618	1,533	1,833	1,512	2,569	774	2,881	2,137

Details can be found in other sections of this volume.

⁽¹⁾ Consistent with the Statement of Transactions in Section 1 of this volume.

⁽²⁾ The change in unmatured debt payable in foreign currencies, \$5,259 million in 1993-94 (\$1,965 million in 1992-93), has been included as part of foreign exchange transactions.

⁽³⁾ Cash requirements (-)

⁽⁴⁾ Cash decrease (-)

TABLE 2.2
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF REVENUE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
I. Budgetary transactions										
A. REVENUE, Section 3										
Tax revenue—										
Income tax—										
Personal	29,254	33,008	37,878	45,125	46,026	51,895	57,601	61,222	58,283	51,051
Corporation	9,379	9,210	9,885	10,878	11,730	13,021	11,726	9,359	7,206	9,819
Unemployment insurance premiums	7,553	8,719	9,558	10,425	11,268	10,738	12,707	15,394	17,535	18,233
Non-resident	1,021	1,053	1,355	1,162	1,578	1,361	1,372	1,261	1,191	1,272
	47,207	51,990	58,676	67,590	70,602	77,015	83,406	87,236	84,215	80,375
Excise taxes and duties—										
Goods and services tax							2,574	15,168	14,868	15,696
Sales tax	7,592	9,345	11,972	12,927	15,645	17,672	12,635	-1,969	-139	-75
Customs import duties	3,794	3,971	4,187	4,385	4,521	4,587	4,001	3,999	3,811	3,652
Energy taxes	4,479	3,348	1,965	2,603	2,646	2,471	3,192	3,441	3,437	3,656
Other excises taxes and duties	2,312	2,827	2,925	3,026	2,959	3,425	3,711	4,557	4,103	3,706
	18,177	19,491	21,049	22,941	25,771	28,155	26,113	25,196	26,080	26,635
Other tax revenue	107	126	144	207	265	226	279	273	271	322
Total tax revenue	65,491	71,607	79,869	90,738	96,638	105,396	109,798	112,705	110,566	107,332
Non-tax revenue—										
Return on investments—										
Bank of Canada	1,858	1,856	1,971	1,871	1,938	2,239	2,809	1,844	1,806	1,452
Canada Mortgage and Housing Corporation	913	892	866	853	845	822	772	753	800	719
Farm Credit Corporation	463	386	354	326	301	239	230	215	226	211
Exchange Fund Account	224	-505	366	752	1,658	1,661	2,258	2,900	3,209	2,916
Interest on bank deposits	243	278	219	279	256	278	285	192	169	128
Other return on investments	597	754	479	656	549	611	453	617	628	716
	4,298	3,661	4,255	4,737	5,547	5,850	6,807	6,521	6,838	6,142
Other non-tax revenue	1,267	1,665	1,807	2,137	1,882	2,461	2,748	2,806	2,976	2,510
Total non-tax revenue	5,565	5,326	6,062	6,874	7,429	8,311	9,555	9,327	9,814	8,652
Total net revenue	71,056	76,933	85,931	97,612	104,067	113,707	119,353	122,032	120,380	115,984

TABLE 2.3
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF EXPENDITURE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
I. Budgetary transactions										
B. EXPENDITURE, Section 4										
Transfer payments—										
Old age security benefits, guaranteed income supplements and spouses' allowances	11,418	12,525	13,445	14,349	15,202	16,154	17,131	18,393	19,106	19,903
Unemployment insurance benefits	10,052	10,036	10,444	10,487	10,972	11,694	14,665	18,126	19,065 ⁽¹⁾	17,626 ⁽¹⁾
Family allowances	2,418	2,501	2,534	2,564	2,606	2,653	2,736	2,821	2,194	7
Fiscal arrangements	5,985	5,941	6,302	7,007	8,127	8,653	8,280	8,854	7,591	9,045
Insurance and medical care services	6,330	6,400	6,607	6,558	6,678	6,663	6,033	6,689	8,307	7,232
Canada Assistance Plan	3,745	3,916	4,051	4,246	4,556	5,006	5,788	6,099	6,686	7,236
Education support	2,265	2,277	2,232	2,242	2,227	2,166	1,862	2,142	2,887	2,378
Other transfer payments	16,451	15,387	15,291	17,436	17,535	17,139	16,607	18,829	19,624	19,941
	<u>58,664</u>	<u>58,983</u>	<u>60,906</u>	<u>64,889</u>	<u>67,903</u>	<u>70,128</u>	<u>73,102</u>	<u>81,953</u>	<u>85,460</u>	<u>83,368</u>
Crown corporations expenditures	<u>6,159</u>	<u>4,479</u>	<u>4,936</u>	<u>5,872</u>	<u>5,572</u>	<u>5,237</u>	<u>5,713</u>	<u>5,252</u>	<u>6,219</u>	<u>5,298</u>
Operating and capital expenditures—										
National Defence	8,636	8,937	9,788	10,554	10,761	11,217	11,518	10,901	10,939	11,310
All other departments and agencies	13,641	13,707	14,375	15,138	15,452	17,266	18,432	17,109	19,958	20,038
	<u>22,277</u>	<u>22,644</u>	<u>24,163</u>	<u>25,692</u>	<u>26,213</u>	<u>28,483</u>	<u>29,950</u>	<u>28,010</u>	<u>30,897</u>	<u>31,348</u>
Total program spending	<u>87,100</u>	<u>86,106</u>	<u>90,005</u>	<u>96,453</u>	<u>99,688</u>	<u>103,848</u>	<u>108,765</u>	<u>115,215</u>	<u>122,576</u>	<u>120,014</u>
Public debt charges	<u>22,393</u>	<u>25,422</u>	<u>26,668</u>	<u>28,953</u>	<u>33,152</u>	<u>38,789</u>	<u>42,588</u>	<u>41,174</u>	<u>38,825</u>	<u>37,982</u>
Total net expenditure	<u>109,493</u>	<u>111,528</u>	<u>116,673</u>	<u>125,406</u>	<u>132,840</u>	<u>142,637</u>	<u>151,353</u>	<u>156,389</u>	<u>161,401</u>	<u>157,996</u>

⁽¹⁾ The Child Tax Benefit Program was introduced in January 1993 to replace the Child Tax Credits and the Family Allowance Program.

TABLE 2.4
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
COMPARATIVE STATEMENT OF FINANCIAL ASSETS AND LIABILITIES
(in millions of dollars)

	Year ended March 31									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
FINANCIAL ASSETS										
<i>LOANS, INVESTMENTS AND ADVANCES</i>										
Enterprise Crown corporations	21,135	21,252	20,422	18,972	18,238	17,678	17,428	18,150	19,537	19,188
Less: allowance for valuation	5,657	5,543	5,592	4,810	5,419	4,664	4,625	4,776	6,065	6,500
	15,478	15,709	14,830	14,162	12,819	13,014	12,803	13,374	13,472 ⁽¹⁾	12,688 ⁽¹⁾
Other	15,024	15,166	14,610	14,251	14,497	13,507	13,527	13,659	13,793	14,407
Less: allowance for valuation	7,850	8,250	8,150	8,250	8,050	8,250	8,350	8,820	9,240	9,500
	7,174	6,916	6,460	6,001	6,447	5,257	5,177	4,839	4,553	4,907
Total Net Loans, Investments and Advances	22,652	22,625	21,290	20,163	19,266	18,271	17,980	18,213	18,025	17,595
<i>FOREIGN EXCHANGE ACCOUNTS</i>										
International reserves held in the Exchange Fund										
Account	4,211	3,459	8,212	14,779	17,422	15,393	19,066	17,148	10,879	13,156
International Monetary Fund—Subscriptions	3,985	4,670	4,936	5,038	4,534	4,474	4,565	4,797	7,599	8,443
Less: International Monetary Fund—Notes payable and Special Drawing Rights allocations	4,332	5,151	5,580	5,815	5,186	5,045	5,063	5,400	7,681	8,674
Total Net Foreign Exchange Accounts	3,864	2,978	7,568	14,002	16,770	14,822	18,568	16,545	10,797	12,925
ACCOUNTS RECEIVABLE	1,516	1,590	1,711	1,838	2,157	2,421	3,165	4,208	3,968	3,941
CASH IN TRANSIT	1,882	1,693	1,468	2,322	2,087	2,035	2,196	2,902	2,931	3,313
CASH	5,858	4,744	4,618	1,533	1,833	1,512	2,569	774	2,881	2,137
TOTAL FINANCIAL ASSETS	35,772	33,630	36,655	39,858	42,113	39,061	44,478	42,642	38,602	39,911
ACCUMULATED DEFICIT	207,986	242,581	273,323	301,117	329,890	358,820	390,820	425,177	466,198	508,210
TOTAL	243,758	276,211	309,978	340,975	372,003	397,881	435,298	467,819	504,800	548,121
LIABILITIES										
<i>SPECIFIED PURPOSE ACCOUNTS</i>										
Canada Pension Plan (net)	1,502	1,773	1,978	2,284	2,540	2,962	3,459	3,181	2,839	2,728
Pension liability	42,312	46,994	51,992	57,417	63,241	69,626	76,139	81,881	87,911	94,097
Government Annuities Account	1,095	1,060	1,024	987	948	907	864	821	778	736
Deposit and trust accounts	1,353	1,776	1,795	1,747	1,221	1,156	1,114	1,103	1,143	1,146
Provincial tax collection agreements									⁽¹⁾	⁽¹⁾
account	1,617	1,390	1,447	2,497	1,766	1,398	585	344		
Other	477	549	634	704	806	891	996	1,310	1,622	1,828
Total Specified Purpose Accounts	48,356	53,542	58,870	65,636	70,522	76,940	83,157	88,640	94,293	100,535
OTHER LIABILITIES	22,683	21,440	22,497	24,530	25,180	26,379	28,238	27,294	27,766	33,611
<i>UNMATURED DEBT</i>										
Payable in Canadian currency	163,662	187,432	216,614	239,527	267,981	288,887	319,377	348,441	377,332	403,307
Payable in foreign currencies	9,057	13,797	11,997	11,282	8,320	5,675	4,526	3,444	5,409	10,668
Total Unmatured Debt	172,719	201,229	228,611	250,809	276,301	294,562	323,903	351,885	382,741	413,975
TOTAL	243,758	276,211	309,978	340,975	372,003	397,881	435,298	467,819	504,800	548,121

⁽¹⁾In both 1994 and 1993, the Provincial tax collection agreements account is in a debit position and is included in Loans, investments and advances—Other.

TABLE 2.5
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
STATEMENT OF RETROACTIVE ADJUSTMENTS TO THE ACCUMULATED DEFICIT
(in millions of dollars)

	Year ended March 31								
	1985	1986	1987	1988	1989	1990	1991	1992	1993
Accumulated deficit—As previously reported	206,602	241,230	272,013	300,264	329,245	358,261	390,349	424,812	465,291
Restatement following changes in accounting policies:									
Provision for loans to be recovered from future appropriations ...	1,857	1,843	1,792	1,410	1,219	1,164	1,025	976	1,015
Accrual of certain tax refunds									1,072
Unamortized bond premiums, discounts and commissions	-473	-492	-482	-557	-574	-605	-554	-611	-1,180
Revised accumulated deficit—End of year	207,986	242,581	273,323	301,117	329,890	358,820	390,820	425,177	466,198

TABLE 2.6

GOVERNMENT OF CANADA

PUBLIC ACCOUNTS PRESENTATION

DETAILED STATEMENT OF NON-BUDGETARY TRANSACTIONS

(in millions of dollars)

	Year ended March 31									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
II. Non-budgetary transactions										
A. LOANS, INVESTMENTS AND ADVANCES, Section 6										
Enterprise Crown corporations—										
Canada Deposit Insurance Corporation	-40	-895	-268	-131	-361	320	150	-560	-1,300	-66
Canada Mortgage and Housing Corporation	364	195	254	234	273	201	194	65	238	105
Canadian National Railway Company	2	9	352	29	12	12	13	15	16	17
Export Development Corporation	39	64	49	55	25	-75	-16			-25
Farm Credit Corporation	172	214	591	-179	230	104	-82	-159	71	-68
Federal Business Development Bank	157	119	93	51				-10		
Other	23	177	-241	1,391	555	-2	-9	-73	-412	386
Total enterprise Crown corporations	717	-117	830	1,450	734	560	250	-722	-1,387	349
Allowance for valuation	27	-114	49	-782	609	-755	-39	151	1,289	435
Total enterprise Crown corporations	744	-231	879	668	1,343	-195	211	-571	-98	784
Other loans, investments and advances—										
Provincial and territorial governments	67	110	89	37	28	-140	86	118	-672	-176
National governments including developing countries	-172	-142	124	81	132	696	19	-59	152	-52
International organizations (subscriptions less notes) ..	-378	-220	46	15	-24	-70	-37	-105	-197	-236
Joint and mixed enterprises										
Petro-Canada										
Other	-93	-61	237	319	36	362			88	
Miscellaneous	-131	171	60	-93	-418	142	-88	-86	495	-150
Total other loans, investments and advances	-707	-142	556	359	-246	990	-20	-132	-134	-614
Allowance for valuation	599	400	-100	100	-200	200	100	470	420	260
Total other loans, investments and advances	-108	258	456	459	-446	1,190	80	338	286	-354
Total loans, investments and advances after allowance for valuation	636	27	1,335	1,127	897	995	291	-233	188	430
B. SPECIFIED PURPOSE ACCOUNTS, Section 7										
Canada Pension Plan (net)	195	271	205	306	256	422	497	-278	-342	-111
Pension liability (net)	4,303	4,682	4,998	5,425	5,825	6,385	6,511	5,742	6,030	6,186
Government Annuities Account	-29	-35	-36	-37	-39	-41	-43	-43	-43	-42
Deposit and trust accounts	254	423	19	-47	-526	-65	-42	-11	40	3
Provincial tax collection agreements account	309	-227	57	1,050	-731	-368	-813	-241	-344	
Other	68	72	85	69	101	85	107	314	312	206
Total specified purpose accounts	5,100	5,186	5,328	6,766	4,886	6,418	6,217	5,483	5,653	6,242
C. OTHER TRANSACTIONS, Sections 8 and 11										
Accounts receivable	-69	-74	-121	-127	-319	-264	-744	-1,043	240	27
Cash in transit	-6	189	225	-854	235	52	-161	-706	-29	-382
Other liabilities	2,952	-1,243	1,057	2,033	650	1,199	1,859	-944	472	5,845
Total other transactions	2,877	-1,128	1,161	1,052	566	987	954	-2,693	683	5,490
Net non-budgetary transactions after allowance for valuation	8,613	4,085	7,824	8,945	6,349	8,400	7,462	2,557	6,524	12,162
Summary—										
Net non-budgetary transactions before allowance for valuation	7,987	3,799	7,875	9,627	5,940	8,955	7,401	1,936	4,815	11,467
Allowance for valuation	626	286	-51	-682	409	-555	61	621	1,709	695
Net non-budgetary transactions after allowance for valuation	8,613	4,085	7,824	8,945	6,349	8,400	7,462	2,557	6,524	12,162

Source/requirement (—)

TABLE 2.7**GOVERNMENT OF CANADA****PUBLIC ACCOUNTS PRESENTATION****DETAILED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS**

(in millions of dollars)

	Year ended March 31									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
III. Foreign exchange transactions, Section 9										
International reserves held in the Exchange Fund										
Account	-588	752	-4,753	-6,567	-2,643	2,029	-3,673	1,918	6,269	-2,277
International Monetary Fund—Subscriptions	10	-685	-266	-102	504	60	-91	-232	-2,802	-844
	-578	67	-5,019	-6,669	-2,139	2,089	-3,764	1,686	3,467	-3,121
Less: International Monetary Fund—Notes payable ..	-32	-637	-359	-208	495	126	5	-275	-2,181	-841
Special Drawing Rights allocations	2	-182	-70	-27	134	15	-23	-62	-100	-152
	-30	-819	-429	-235	629	141	-18	-337	-2,281	-993
Unmatured debt transactions payable in foreign currencies	2,971	4,740	-1,800	-715	-2,962	-2,645	-1,149	-1,082	1,965	5,259
Total foreign exchange transactions	2,423	5,626	-6,390	-7,149	-5,730	-697	-4,895	941	7,713	3,131
IV. Unmatured debt transactions, Section 10										
Marketable bonds	12,379	15,584	13,337	9,928	10,899	10,689	15,294	14,395	19,823	27,142
Canada savings bonds	3,756	2,285	64	9,014	-5,567	-6,827	-6,485	1,154	-1,229	-3,038
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund	16	240	1,351	696	513	67	420	9	4	-8
Treasury bills	10,600	9,650	15,000	4,100	21,650	15,850	20,600	13,150	9,750	3,950
Notes and loans	2,987	861	-2,823	-1,171	-2,015	-1,734	-163	-7	-7	
Canada bills			1,045		86	315	-438	-1,008	2,552	3,097
	29,738	28,620	27,974	22,567	25,566	18,360	29,228	27,693	30,893	31,143
Less: Government's holdings of unmaturred debt—										
Marketable bonds	-122	137	-175	141	10	107	-58	-132	54	-9
Canada savings bonds held on account of employees	42	-27	36	11	10	-36	19	-57	8	-11
Canada savings bonds held on account of the Payroll Savings Plan			731	217	54	28	-74	-100	-25	-71
Unmatured debt transactions payable in foreign currencies	2,971	4,740	-1,800	-715	-2,962	-2,645	-1,149	-1,082	1,965	5,259
	2,891	4,850	-1,208	-346	-2,888	-2,546	-1,262	-1,371	2,002	5,168
Total unmaturred debt transactions payable in Canadian currency	26,847	23,770	29,182	22,913	28,454	20,906	30,490	29,064	28,891	25,975
V. Cash balance at end of year, Section 11										
In Canadian currency	5,779	4,566	4,479	1,381	1,708	1,369	2,459	677	2,774	2,032
In foreign currencies	79	178	139	152	125	143	110	97	107	105
Total cash balance	5,858	4,744	4,618	1,533	1,833	1,512	2,569	774	2,881	2,137

Source/requirement (-)

TABLE 2.8

GOVERNMENT OF CANADA

PUBLIC ACCOUNTS PRESENTATION

DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS

(in millions of dollars)

	Year ended March 31									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
CANADA PENSION PLAN										
Receipts—										
Employer and employee contributions	3,879	4,495	4,976	5,583	6,248	7,278	7,969	8,391	8,993	8,922
Investment income	2,889	3,162	3,404	3,669	3,913	4,182	4,410	4,463	4,499	4,446
Disbursements—										
Pensions	-4,224	-4,887	-5,722	-7,329	-8,445	-9,473	-10,541	-11,793	-13,199	-14,402
Administration expenses	-100	-111	-140	-135	-133	-145	-163	-134	-168	-187
Net	2,444	2,659	2,518	1,788	1,583	1,842	1,675	927	125	-1,221
Investments—Securities in Investment Fund	-2,249	-2,388	-2,313	-1,482	-1,327	-1,420	-1,178	-1,205	-467	1,110
Total (net) Canada Pension Plan	195	271	205	306	256	422	497	-278	-342	-111
SUPERANNUATION ACCOUNTS										
Public Service Superannuation Account—										
Receipts—										
Government contribution	373	391	398	427	434	426	478	621	763	850
Employee contributions	379	384	410	415	406	456	483	558	585	588
Public Service corporations—Employer and employee contributions	246	246	242	240	248	253	252	305	319	304
Interest	1,616	1,993	2,445	2,775	3,075	3,392	3,745	4,593	4,988	5,357
Actuarial liability adjustment								506		
Transfer from the Supplementary Retirement Benefits Account								4,395		
Other	21	25	31	31	33	42	43	48	38	40
Disbursements—										
Annuities	-647	-740	-835	-931	-1,037	-1,142	-1,247	-2,164	-2,307	-2,422
Other	-49	-65	-77	-116	-159	-118	-107	-114	-116	-208
Change in unamortized portion of actuarial deficiency	356	244	53							
Net	2,295	2,478	2,667	2,841	3,000	3,309	3,647	8,748	4,270	4,509
Canadian Forces Superannuation Account—										
Receipts—										
Government contribution	212	223	233	247	255	270	288	401	424	435
Employee contributions	120	125	131	139	142	151	161	188	185	176
Interest	1,125	1,350	1,546	1,782	1,968	2,161	2,370	2,726	2,922	3,125
Transfer from the Supplementary Retirement Benefits Account								1,207		
Other	2	2	3	2	3	4	4	4	4	6
Disbursements—										
Annuities	-363	-394	-426	-459	-499	-544	-586	-1,113	-1,169	-1,271
Other	-13	-16	-17	-20	-25	-32	-33	-28	-32	-28
Change in unamortized portion of actuarial deficiency	203	152	62	4						
Net	1,286	1,442	1,532	1,695	1,844	2,010	2,204	3,385	2,334	2,443
Royal Canadian Mounted Police Superannuation Account—										
Receipts—										
Government contribution	67	68	72	82	99	71	93	105	120	126
Employee contributions	34	34	37	40	41	43	47	60	62	61
Interest	157	196	237	271	307	349	393	478	532	587
Transfer from the Supplementary Retirement Benefits Account								328		
Disbursements—										
Annuities	-24	-27	-33	-40	-48	-59	-68	-96	-111	-126
Other	-2	-2	-3	-2	-2	-2	-3	-2	-3	-1
Change in unamortized portion of actuarial deficiency	19	11	1							
Net	251	280	311	351	397	402	462	873	600	647

TABLE 2.8

GOVERNMENT OF CANADA

PUBLIC ACCOUNTS PRESENTATION

DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS—*Concluded*

(in millions of dollars)

	Year ended March 31									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Members of Parliament Retiring Allowances Account—										
Receipts—										
Government contribution	2	2	2	2	2	2	2	2	2	2
Members' contributions	2	2	2	2	2	2	2	2	1	1
Interest	2	2	3	3	3	3	3	3	21	22
Actuarial liability adjustment								158		
Transfer from the Supplementary Retirement Benefits Account								10		
Disbursements—										
Annuities	-5	-4	-4	-5	-7	-6	-6	-7	-10	-14
Net	1	2	3	2		1	1	168	14	11
Members of Parliament Retirement Compensation Arrangements Account—										
Receipts—										
Government contribution								3	11	10
Members' contributions									2	2
Interest									1	1
Disbursements—										
Annual allowances									-7	-7
Net								3	7	6
Supplementary Retirement Benefits Account—										
Receipts—										
Government contribution	100	103	111	115	115	130	139	1	1	1
Employee contributions	100	103	111	115	115	129	139	1	1	1
Public Service corporations—Employer and employee contributions	46	47	45	48	50	52	52			
Other	260	268	273	332	398	471	610	3	3	3
Disbursements—										
Annuities	-25	-27	-37	-53	-71	-94	-118			
Transfer to other superannuation accounts								-5,940		
Other	-11	-14	-18	-21	-23	-25	-25			
Net	470	480	485	536	584	663	797	-5,935	5	5
	4,303	4,682	4,998	5,425	5,825	6,385	7,111	7,242	7,230	7,621
Allowance for the actuarial liability for pensions							-600	-1,500	-1,200	-1,435
Total pension liability	4,303	4,682	4,998	5,425	5,825	6,385	6,511	5,742	6,030	6,186

Source/requirement (-)

National Accounts Presentation

The National Income and Expenditure Accounts were developed as a basis for economic analysis of income and expenditure flows in the economy. The concepts and definitions applied to the Government sector are consistent with those applied to other sectors and follow international practices developed under the aegis of the United Nations. The economic nature of a transaction is the determining factor in its classification within the National Accounts framework.

TABLE 2.9

GOVERNMENT OF CANADA
NATIONAL ACCOUNTS PRESENTATION
DETAILED STATEMENT OF REVENUE AND EXPENDITURE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
I. National Accounts transactions⁽¹⁾										
A. REVENUE—										
Direct taxes—										
Persons	37,893	44,218	50,110	56,688	58,872	65,350	74,742	79,670	79,964	76,318
Corporations	11,354	11,418	10,357	11,968	12,503	12,409	11,215	9,685	9,777	10,705
Non-residents	1,170	1,192	1,448	1,418	1,808	1,421	1,603	1,665	1,491	1,662
<i>Total direct taxes</i>	<i>50,417</i>	<i>56,828</i>	<i>61,915</i>	<i>70,074</i>	<i>73,183</i>	<i>79,180</i>	<i>87,560</i>	<i>91,020</i>	<i>91,232</i>	<i>88,685</i>
Indirect taxes	18,719	18,708	21,812	24,254	26,362	29,348	26,253	31,018	31,081	31,636
Other current transfers from persons	18	24	23	25	28	32	36	44	68	68
Investment income	7,256	7,933	8,067	9,023	10,406	11,459	12,555	12,843	12,632	12,434
Capital consumption allowances	1,176	1,255	1,303	1,354	1,452	1,538	1,580	1,533	1,568	1,608
Total revenue	77,586	84,748	93,120	104,730	111,431	121,557	127,984	136,458	136,581	134,431
B. EXPENDITURE—										
Current goods and services—										
Defence	8,447	9,203	9,505	10,226	10,618	11,069	11,736	11,690	11,685	11,660
Non-defence	13,314	14,115	14,600	14,803	15,612	17,460	18,726	20,264	20,775	21,200
<i>Total current goods and services</i>	<i>21,761</i>	<i>23,318</i>	<i>24,105</i>	<i>25,029</i>	<i>26,230</i>	<i>28,529</i>	<i>30,462</i>	<i>31,954</i>	<i>32,460</i>	<i>32,860</i>
Transfer payments to persons	30,440	31,809	33,570	34,799	36,419	38,916	43,907	51,362	54,125	56,919
Subsidies	7,804	5,206	5,405	6,347	5,583	4,907	5,373	6,984	5,186	4,626
Capital assistance	3,452	2,716	2,414	1,792	1,561	1,572	1,565	1,277	1,139	871
Current transfers to non-residents	1,541	1,537	1,904	2,262	2,471	2,954	2,332	2,723	2,719	2,262
Interest on the public debt	22,116	25,102	26,385	28,680	32,885	38,570	42,320	40,948	38,614	37,677
Transfers to provinces	20,120	20,269	20,959	22,781	23,953	25,227	25,970	26,999	30,299	28,035
Transfers to local governments	503	488	523	653	702	884	924	904	964	1,000
Gross capital formation	2,433	2,175	1,944	1,897	2,219	2,251	2,250	2,374	2,486	2,664
Total expenditure	110,170	112,620	117,209	124,240	132,023	143,810	155,103	165,525	167,992	166,914
Deficit	-32,584	-27,872	-24,089	-19,510	-20,592	-22,253	-27,119	-29,067	-31,411	-32,483

(1) These "National Accounts transactions" are consistent with those released by Statistics Canada on August 31, 1994.

Public Accounts and National Accounts Reconciliation

The reconciliation of transactions between the Public Accounts and National Accounts is set out in the table that follows. The major factors which give rise to the need for a reconciliation are listed below.

The deficits of Government business enterprises which are outside the Government accounting entity are, for Public Accounts presentation purposes, met through budgetary appropriations and are thus recorded as budgetary expenditure. In the National Accounts presentation, these deficits are netted against Government investment income.

Revenue in the Public Accounts is generally recorded on a cash basis with the exception of the non-tax revenue. While the major portion of National Accounts revenue is accounted for on a cash basis, certain items, such as corporate income taxes and the oil export charges, are reported on an accrual basis. This difference also results in a different treatment of the acceleration of source deductions and sales and excise taxes by large firms.

Transactions of employee pension accounts are treated as non-budgetary in the Public Accounts, although the Govern-

ment's contributions to, and interest payments on, these accounts are included in expenditure. Employer and employee contributions to these accounts, plus any related interest income, form part of Government revenue in the National Accounts presentation, and pension payments form part of Government expenditure.

In the Public Accounts presentation, the purchase of capital assets such as buildings and machinery is recorded as a budgetary expenditure in the year of acquisition. Only newly produced capital assets and capital expenditures are included in National Accounts expenditure. The National Accounts also ignore the sale of capital assets as such sales are not deemed to give rise to production. Both Government revenue and expenditure include an allowance for the depreciation of capital assets in the National Accounts termed "Capital consumption allowance". This item is not a part of Public Accounts reporting.

Both the Public Accounts and the National Accounts include the financial activities of the consolidated Crown corporations. However, the inclusions are not identical.

TABLE 2.10

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION
(in millions of dollars)

	Year ended March 31									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Budgetary revenue—Public Accounts	71,056	76,933	85,931	97,612	104,067	113,707	119,353	122,032	120,380	115,984
Reconciling items—										
Government pension receipts	5,528	6,070	6,548	7,176	7,756	8,523	9,440	10,926	10,961	11,516
Corporate income tax—Excess of accruals over collections	-458	-138	-58	1,428	773	-612	-511	326	2,571	886
Capital consumption allowances	1,176	1,255	1,303	1,354	1,452	1,538	1,580	1,533	1,568	1,608
Petroleum compensation charge ⁽¹⁾	2,291	690				-1	3			
Non-tax revenue ⁽²⁾	-835	-989	-968	-1,260	-1,190	-1,315	-1,276	-1,275	-1,286	-1,299
Deficits of Government business enterprises	-1,104	-933	-938	-937	-907	-991	-849	-806	-773	-699
Goods and services tax							1,164	2,652	3,610	3,393
Child tax credit ⁽⁶⁾									1,312	5,240
Miscellaneous ⁽³⁾	-68	1,860	1,302	-643	-520	708	-920	1,070	-1,762	-2,198
Total revenue—National Accounts	77,586	84,748	93,120	104,730	111,431	121,557	127,984	136,458	136,581	134,431
Budgetary expenditure—Public Accounts	109,493	111,528	116,673	125,406	132,840	142,637	151,353	156,389	161,401	157,996
Reconciling items—										
Government pension payments	1,139	1,285	1,437	1,600	1,801	1,978	2,073	2,489	3,782	3,970
Net expenditure of funds and agencies ⁽⁴⁾	1,457	1,442	1,568	1,555	1,336	1,661	1,165	1,361	1,373	884
Capital consumption allowances	1,176	1,255	1,303	1,354	1,452	1,538	1,580	1,533	1,568	1,608
Petroleum compensation program ⁽⁵⁾	2,238	1,133	6	60						
Non-tax revenue ⁽²⁾	-835	-989	-968	-1,260	-1,190	-1,315	-1,276	-1,275	-1,286	-1,299
Deficits of Government business enterprises	-1,104	-933	-938	-937	-907	-991	-849	-806	-773	-699
Budgetary transfers to funds and agencies	-1,526	-1,273	-1,213	-1,336	-1,335	-1,265	-1,063	-1,223	-1,069	-970
Goods and services tax— Transfer and subsidies							754	3,158	2,574	2,698
Child tax benefits ⁽⁶⁾									1,312	5,240
Miscellaneous ⁽⁷⁾	-1,868	-828	-659	-2,202	-1,974	-433	1,366	3,899	-890	-2,514
Total expenditure—National Accounts	110,170	112,620	117,209	124,240	132,023	143,810	155,103	165,525	167,992	166,914

⁽¹⁾ In the Public Accounts, the petroleum compensation charge is netted against petroleum compensation payments and included in budgetary expenditure. Gross revenues and payments are recorded in the National Accounts.

⁽²⁾ Various items of non-tax revenue, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

⁽³⁾ Major items under miscellaneous include adjustments for proceeds from the sale of used capital assets, air transportation tax, imputed items, the treatment of revenue in the supplementary accounting period after March 31, and the treatment of the acceleration of source deductions and sales and excise taxes by large firms.

⁽⁴⁾ In the National Accounts, budgetary appropriations to various funds and agencies are replaced by net actual expenditures of the funds and agencies.

⁽⁵⁾ This item represents the difference between the gross payments recorded on the National Accounts basis and net payments recorded on the Public Accounts basis.

⁽⁶⁾ In the Public Accounts, the child tax credit is netted against the Personal Income tax. In the National Accounts, the fiscal incidence is shown; the benefit is presented as a transfer to persons and its counterpart is included in the Revenue —Direct taxes — Persons.

⁽⁷⁾ Major items under miscellaneous include adjustments for reserves and write-offs, provision for the valuation of assets and liabilities, purchase of used capital assets, imputed items, the treatment of expenditure and for all items in the reconciliation in the supplementary accounting period after March 31.

SECTION 3

1993-94

PUBLIC ACCOUNTS

Budgetary Revenue

CONTENTS

	<i>Page</i>
Introduction	3.2
Accounting for revenue	3.2
Budgetary revenue in 1993-94	3.5
Tax revenue	3.5
Non-tax revenue	3.6

NOTE TO READER

Major reorganizations were made to the structure and names of certain ministries in 1993-94. For details of these changes, please refer to the **Introduction** at the beginning of this volume.

INTRODUCTION

Budgetary revenue consists of all tax and non-tax amounts which enter into the calculation of the annual surplus or deficit of the Government.

ACCOUNTING FOR REVENUE

Tax revenue is reported net of refunds, and excludes taxes collected on behalf of provinces and territories, and amounts credited to other liability accounts.

The Government generally reports tax revenue in the year in which it is received. Refunds of tax revenue are allocated to the year in which the processing cycle for the assessment of the related tax return has been started. However, cases of tax refunds that are both significant and unusual in nature, and where all applicable levels of appeal have been exhausted or are not expected to be pursued, are reported on an accrual basis. The Goods and Services Tax (GST) quarterly tax credits and payments under the child tax benefit program are charged in the period to which they relate.

Tax revenue for a fiscal year includes receipts credited to the Receiver General for Canada by the Bank of Canada and the chartered banks by March 31st and amounts received in federal government offices by March 31st, but not deposited until April or not credited to the Receiver General until April. Tax revenue also includes amounts received in the mail on the first working day of April, except when it is clear that it was the remitter's intention to discharge an obligation arising in the new fiscal year.

Although a taxpayer's income tax liability relates to a taxation year, collection of individual and corporation income taxes by payroll deductions and instalment payments results in a distribution of receipts throughout the year. Similarly, the GST and other excise taxes and duties are received on a regular basis throughout the year.

Non-tax revenue is reported in the year in which the transactions or events that give rise to the revenue occur.

Table 3.1 presents revenue from outside parties by main classification on both a gross and net basis. "Gross revenue" reports all revenue received from outside parties including:

- revenue credited to appropriations where, as authorized by Parliament, certain revenues which are associated with the recovery of certain costs are credited to program spending. In such cases, Parliament votes such funds net of authorized revenue;
- tax credits and repayments where certain tax credits are related to expenditures but are determined through the income tax or fiscal arrangements processes; and
- revenue of consolidated Crown corporations where, for reporting in the annual financial statements, the financial transactions of certain Crown corporations are included with those of the Government.

"Net revenue" excludes the above three categories.

Chart 3A presents total net revenue by main classification for the current fiscal year while Chart 3B compares total net revenue for the last ten fiscal years.

TABLE 3.1

REVENUE FROM OUTSIDE PARTIES BY MAIN CLASSIFICATION

(in millions of dollars)

	1993-94				1992-93		
	Gross revenue ⁽¹⁾	Revenue credited to appropriations	Tax credits and repayments	Consolidated Crown corporations ⁽³⁾	Net revenue ⁽¹⁾	Gross revenue ⁽¹⁾	Net revenue ⁽¹⁾
Tax revenue—							
Income tax—							
Personal	57,538		6,487		51,051	61,572	58,283
Corporation	9,819				9,819	7,206	7,206
Unemployment insurance premiums	18,233				18,233	17,535	17,535
Non-resident	1,272				1,272	1,191	1,191
	86,862		6,487		80,375	87,504	84,215
Excise taxes and duties—							
Goods and services tax, Table 3.3 ..	18,381		2,685		15,696	17,371	14,868
Energy taxes —							
Excise tax—Gasoline	3,597				3,597	3,177	3,177
Petroleum and gas revenue tax ..	-29				-29	-17	-17
Excise tax—Aviation gas and diesel fuel	88				88	277	277
	3,656				3,656	3,437	3,437
Customs import duties	3,652				3,652	3,811	3,811
Other excise taxes and duties—							
Excise duties	1,904				1,904	1,896	1,896
Miscellaneous excise taxes and duties	2,257	530			1,727	2,566	2,068
	4,161	530			3,631	4,462	3,964
	29,850	530	2,685		26,635	29,081	26,080
Other tax revenue	322				322	271	271
Total tax revenue	117,034	530	9,172		107,332	116,856	110,566
Non-tax revenue—							
Return on investments, Table 3.4 ...	6,187	37		8	6,142	6,873	6,838
Other non-tax revenue—							
Privileges, licences and permits ...	600	161			439	648	459
Refunds of previous years' expenditure	509				509	651	650
Services and service fees	1,654	1,342			312	1,709	286
Proceeds from sales	340	196			144	577	359
Domestic coinage	90				90	80	80
Premium and discount on exchange	147	3			144	117	115
Miscellaneous non-tax revenue ...	1,770	291		607	872	2,002	1,027
	5,110	1,993		607	2,510	5,784	2,976
Total non-tax revenue	11,297	2,030		615	8,652	12,657	9,814
Total revenue ⁽²⁾	128,331	2,560	9,172	615	115,984	129,513	120,380

⁽¹⁾ Reflected on the Statement of Revenue and Expenditure in Section 1 of this volume.⁽²⁾ Additional details are provided in Table 4a in Section 1 of Volume II (Part I).⁽³⁾ Additional information on the consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 1 of this volume).

CHART 3A

TOTAL NET REVENUE BY MAIN CLASSIFICATION FOR 1993-94

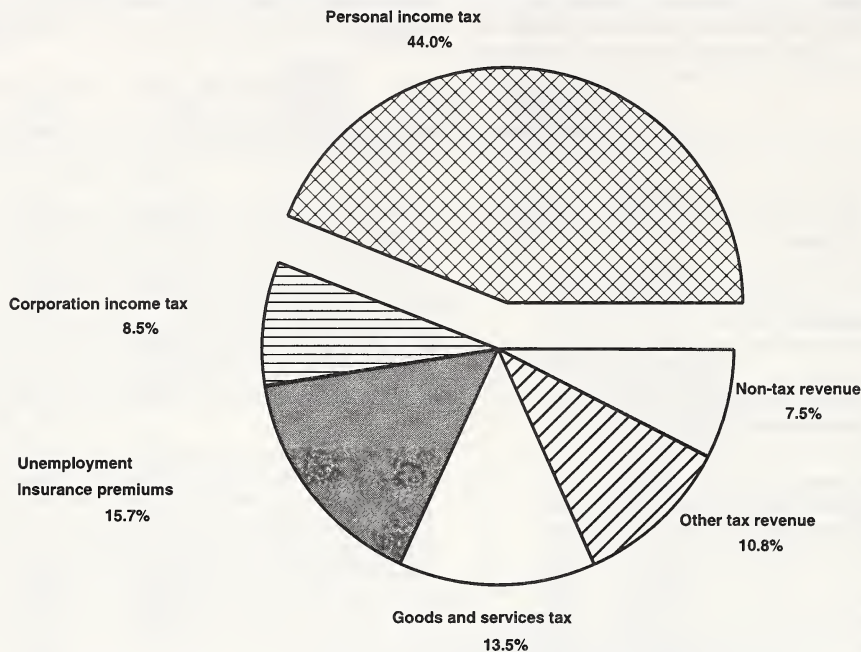


CHART 3B

TOTAL NET REVENUE



On a day-to-day basis, organizations within the Government transact with each other and thus contribute to gross amounts of revenue and expenditure. In preparing the financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only. Table 3.2 provides details of internal revenue transactions and shows the total of revenue from both internal and external

sources. The total gross revenue of \$132,911 million includes the total revenue from all sources. Revenue of consolidated Crown corporations, revenue credited to appropriations, and tax credits and repayments are deducted to arrive at net revenue from all sources. This total of \$116,129 million is made up of total ministerial revenue (\$97,620 million), revenue of consolidated specified purpose accounts (\$18,160 million) and other adjustments (\$349 million) as detailed in Table 4a in Section 1 of Volume II (Part I).

TABLE 3.2**REVENUE FROM ALL SOURCES**

(in millions of dollars)

	Gross revenue	Less: revenue of consolidated Crown corporations	Less: revenue credited to appropriations		Less: tax credits and repayments	Net revenue
			From outside parties	Internal to the Government		
Transactions with outside parties	128,331	615	2,560		9,172	115,984
Internal transactions by main classification—						
Excise taxes and duties	3					3
Return on investments	8					8
Privileges, licences and permits	39			35		4
Refunds of previous years' expenditure	28					28
Services and service fees	4,041			4,032		9
Proceeds from sales	264			251		13
Miscellaneous non-tax revenue	197			117		80
Total internal transactions	4,580			4,435		145
Total revenue	132,911	615	2,560	4,435	9,172	116,129

Budgetary Revenue in 1993-94

Total net revenue in 1993-94 amounted to \$115,984 million. This represents a decrease of \$4,396 million from the level of \$120,380 million reported in 1992-93.

Tax Revenue

Net tax revenue amounted to \$107,332 million in 1993-94 compared to \$110,566 million in 1992-93, for a decrease of \$3,234 million.

Personal Income Tax

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*. Personal income tax is the largest source of revenue.

Corporation Income Tax

Corporation income tax is levied on corporation income under the provisions of the *Income Tax Act*.

Unemployment Insurance Premiums

Premiums from employees and employers are levied under the provisions of the *Unemployment Insurance Act* and are classified as part of budgetary revenue.

Non-Resident Income Tax

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax Act*. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Excise Taxes and Duties

Excise taxes and duties are collected under the *Excise Tax Act* and *Customs Tariff Act*. Excise taxes and duties include the goods and services tax, customs import duties, energy taxes, and other excise taxes and duties.

Goods and services tax

The goods and services tax (GST) became effective January 1, 1991. The GST is applied at a rate of 7 percent on most goods and services consumed in Canada, with the excep-

tion of basic groceries, most health and dental care services, most educational services, and residential rents. A comparative analysis of the GST is presented in Table 3.3.

TABLE 3.3
GOODS AND SERVICES TAX (GST)⁽¹⁾
 (in thousands of dollars)

	1993-94	1992-93
GST collected (National Revenue—Customs and Excise)	32,596,285	30,452,733
Add: GST collected by ministries on goods and services sold to outside parties:		
Agriculture	3,791	4,079
Atlantic Canada Opportunities Agency	14	19
Communications	3,202	3,273
Employment and Immigration	111	73
Energy, Mines and Resources	691	614
Environment	759	390
External Affairs	2	2
Finance	32	66
Fisheries and Oceans	757	748
Governor General	4	3
Indian Affairs and Northern Development	217	176
Industry, Science and Technology	2,945	2,336
Justice	15	27
National Defence	862	839
National Health and Welfare	85	13
National Revenue—Taxation	138	146
Parliament	14	12
Privy Council	19	32
Secretary of State	16	50
Solicitor General	1,015	918
Supply and Services	16,752	20,560
Transport	23,813	28,259
Treasury Board	590	616
Veterans Affairs	35	37
Western Economic Diversification	6	(2)
	55,885	63,288
Total GST collected	32,652,170	30,516,021
Less: remission order for the GST paid by ministries on or for goods and services purchased from outside parties (National Revenue—Customs and Excise)	933,095	1,006,047
refunds paid (National Revenue—Customs and Excise)	11,921,362	10,702,148
rebates paid (National Revenue—Customs and Excise)	1,416,572	1,436,357
Gross GST collected from outside parties	18,381,141	17,371,469
Less: quarterly tax credits paid (National Revenue—Taxation)	2,685,232	2,503,306
Net GST collected from outside parties	15,695,909	14,868,163

(1) Reported in: —Note 4 to the audited financial statements (Section I of this volume) .
 —Statement of Transactions of the Debt Servicing and Reduction Account (Section I of this volume) .
 —Revenue statement in each ministerial section (Volume II-Part I).

(2) Less than \$ 500.

Energy taxes

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel.

Customs import duties

Revenue from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff Act*.

Other excise taxes and duties

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as jewellery and passenger vehicle air conditioners.

Other Tax Revenue

Other tax revenue is comprised primarily of withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

Non-Tax Revenue

Net non-tax revenue amounted to \$8,652 million in 1993-94 compared to \$9,814 million in 1992-93, for a decrease of \$1,162 million.

Return on Investments

Return on investments consists mainly of interest from loans and advances, transfer of profits and surpluses, and rental in-

come from properties. A comparative analysis of return on investments is presented in Table 3.4.

TABLE 3.4

RETURN ON INVESTMENTS⁽¹⁾ (in millions of dollars)

	1993-94	1992-93
Loans, investments and advances—		
Enterprise Crown corporations—		
Canada Deposit Insurance Corporation	189	182
Canada Mortgage and Housing Corporation	719	800
Canadian National Railway Company	10	11
Export Development Corporation		25
Farm Credit Corporation	211	226
	<i>1,129</i>	<i>1,244</i>
Other—		
Bank of Canada	1,452 ⁽²⁾	1,806 ⁽²⁾
Miscellaneous	119	129
	<i>1,571</i>	<i>1,935</i>
	<i>2,700</i>	<i>3,179</i>
Provincial and territorial governments	28	76
National governments including developing countries	61	69
International organizations	10	8
Joint and mixed enterprises	29	47
Miscellaneous loans, investments and advances	14	24
	<i>2,842</i>	<i>3,403</i>
Foreign exchange accounts—		
Exchange Fund Account	2,634	3,548
International Monetary Fund—Subscriptions	36	11
	<i>2,670</i>	<i>3,559</i>
Cash—		
Interest on bank deposits	128	169
Consolidated accounts—		
Unemployment Insurance Account	450	27
Western Grain Stabilization Account		81
Agricultural Commodities Stabilization Accounts	8	19
Other	3	2
	<i>461</i>	<i>129</i>
Other accounts—		
Interest on investment re: military purchases	8	9
Eso Ltd—Norman Wells Project profits	30	44
Other	18	17
	<i>56</i>	<i>70</i>
Total ministerial net return on investments	6,158	7,330
Exchange Fund Account adjustment ⁽³⁾	282	-339
Accrual of non-tax revenue	168	-17
Consolidated specified purpose accounts	-458	-129
Total net return on investments	6,150	6,845
Return on investments internal to the Government	-8	-7
Total net return on investments from outside parties	6,142	6,838
Revenue credited to appropriations from outside parties	37	23
Consolidated Crown corporations	8	12
Total gross return on investments from outside parties	6,187	6,873

⁽¹⁾ Additional details are provided in Table 4a in Section 1 of Volume II (Part I).

⁽²⁾ On an accrual basis, the revenue is as follows: \$1,769 million for 1993-94 and \$2,094 million for 1992-93.

⁽³⁾ Adjustment to recognize the net income for the 12 months period ending March 31.

Other Non-Tax Revenue

Other non-tax revenue is comprised of proceeds from the sale of capital assets and current goods and services, refunds of previous years' expenditure, service fees, privileges, licences

and permits, domestic coinage, and miscellaneous non-tax revenue. Details are reported by individual ministry in Volume II (Part I) of the Public Accounts.

SECTION 4

1993-94

PUBLIC ACCOUNTS

Budgetary Expenditure

CONTENTS

	<i>Page</i>
Introduction	4.2
Accounting for expenditure	4.2
Budgetary expenditure in 1993-94	4.4
Transfer payments	4.4
Crown corporations expenditures	4.4
Other program expenditures	4.5
Public debt charges	4.5
Supplementary statements—	
Expenditure by standard object	4.5
Public debt charges	4.6
Expenditure under statutory authority	4.6
Details of certain transfer payments by province	4.8

NOTE TO READER

Major reorganizations were made to the structure and names of certain ministries in 1993-94. For details of these changes, please refer to the **Introduction** at the beginning of this volume.

INTRODUCTION

Budgetary expenditure consists of all charges which enter into the calculation of the annual deficit or surplus of the Government.

ACCOUNTING FOR EXPENDITURE

Budgetary expenditure includes charges for work performed, goods received, services rendered, and transfer payments made

during the year. Budgetary expenditure may also include net charges related to allowances for the valuation of assets, for borrowings of agent enterprise Crown corporations, and for other liabilities.

Table 4.1 presents expenditure with outside parties by type on both a gross and a net basis. The difference between gross and net expenditure is revenue credited to appropriations, revenue of consolidated Crown corporations credited to expenditure, tax revenue items related to expenditure and included in revenue, and recovery of tax revenue credited to expenditure.

TABLE 4.1

EXPENDITURE WITH OUTSIDE PARTIES BY TYPE

(in millions of dollars)

	1993-94				1992-93		
	Gross expendi- ture ⁽¹⁾	Revenue credited to appropriations	Tax credits and repayments	Consolidated Crown corporations ⁽³⁾	Net expendi- ture ⁽¹⁾	Gross expendi- ture ⁽¹⁾	Net expendi- ture ⁽¹⁾
Transfer payments —							
Major transfer payments —							
Old age security benefits, guaranteed income supplements and spouses' allowances	19,578		-325		19,903	18,758	19,106
Unemployment insurance benefits ..	17,587		-39		17,626	19,006	19,065
Fiscal arrangements	9,427		382		9,045	7,967	7,591
Insurance and medical care services	7,232				7,232	8,307	8,307
Canada Assistance Plan	7,236				7,236	6,686	6,686
Education support	2,378				2,378	2,887	2,887
Child tax benefits and related payments	6,476		6,469		7	5,514	2,194
	69,914		6,487		63,427	69,125	65,836
Other transfer payments —							
Agriculture	1,425				1,425	2,146	2,146
Communications	1,054				1,054	1,128	1,128
Employment and Immigration	1,391				1,391	1,438	1,438
External Affairs	2,380				2,380	2,537	2,537
Indian Affairs and Northern Development	4,219				4,219	3,915	3,915
Industry, Science and Technology ..	1,268				1,268	1,425	1,425
Transport	1,078				1,078	1,074	1,074
Veterans Affairs	1,444				1,444	1,459	1,459
Other	8,367		2,685		5,682	7,006	4,502
	22,626		2,685		19,941	22,128	19,624
Total transfer payments	92,540		9,172		83,368	91,253	85,460
Crown corporations expenditures	5,913			615	5,298	6,880	6,219
Other program expenditures—							
Communications	1,253	9			1,244	1,269	1,250
External Affairs	1,085	46			1,039	1,353	1,309
Industry, Science and Technology ..	1,433	47			1,386	1,458	1,416
National Defence	11,626	316			11,310	11,311	10,939
National Health and Welfare	1,252	96			1,156	1,184	1,109
National Revenue	2,301	53			2,248	2,218	2,170
Solicitor General	3,162	659			2,503	2,979	2,357
Supply and Services	2,068	330			1,738	2,071	1,713
Transport	2,268	891			1,377	2,205	1,234
Other	7,460	113			7,347	7,528	7,400
Total other program expenditures	33,908	2,560			31,348	33,576	30,897
Total program expenditures	132,361	2,560	9,172	615	120,014	131,709	122,576
Public debt charges, Table 4.4	37,982				37,982	38,825	38,825
Total expenditure ⁽²⁾	170,343	2,560	9,172	615	157,996	170,534	161,401

⁽¹⁾ Reflected on the Statement of Revenue and Expenditure in Section 1 of this volume.

⁽²⁾ Additional information is provided in Table 2a in Section 1 of Volume II (Part I).

⁽³⁾ Additional information on the consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 1 of this volume).

Chart 4A presents total net expenditure by type for the current fiscal year, while Chart 4B compares total net expenditure for the last ten fiscal years.

CHART 4A
TOTAL NET EXPENDITURE BY TYPE FOR 1993-94

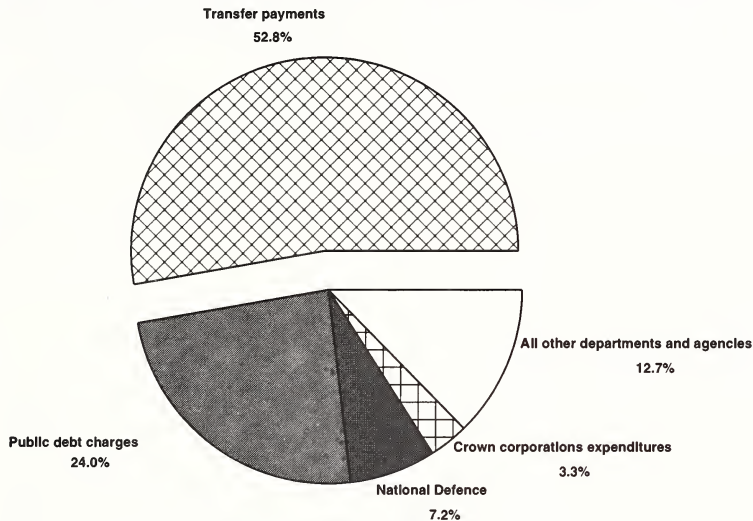
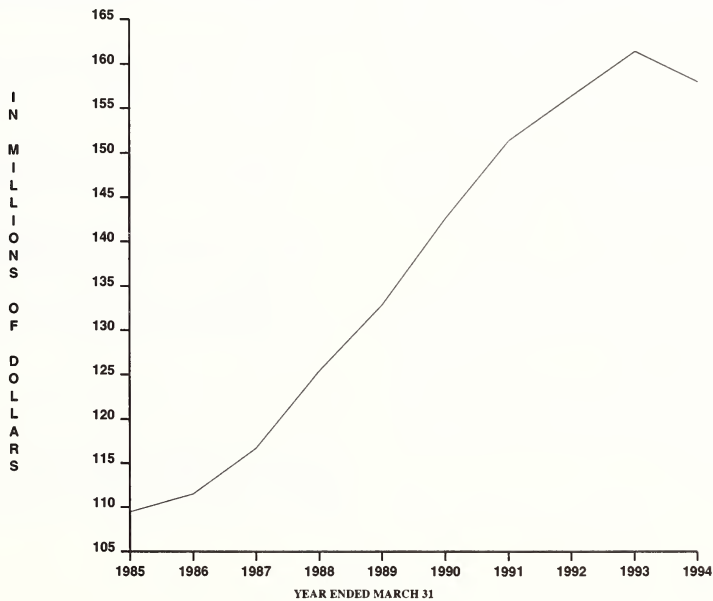


CHART 4B
TOTAL NET EXPENDITURE



On a day-to-day basis, organizations within the Government entity transact with each other and thus contribute to the amounts of revenue and expenditure recorded in the accounts. In preparing the financial statements, these "internal transac-

tions" are eliminated so as to report on the basis of transactions with outside parties only. Table 4.2 provides details of internal expenditure transactions and shows the total of expenditure transacted by the Government with all sources.

TABLE 4.2
EXPENDITURE BY SOURCE
(in millions of dollars)

			Less: revenue of	Less: revenue credited to appropriations		
	Gross expenditure	Less: tax credits and repayments	consolidated Crown corporations	From outside parties	Internal to the Government	Net expenditure
Transactions with outside parties	170,343	9,172	615	2,560		157,996
Internal transactions —						
Agriculture	51					51
Communications	38				32	6
Environment	38				34	4
External Affairs	17					17
Industry, Science and Technology	36				32	4
National Defence	8				7	1
National Health and Welfare	4					4
National Revenue	75				48	27
Supply and Services	4,082				4,061	21
Solicitor General	112				105	7
Transport	41				38	3
Other	78				78	
Total internal transactions	4,580				4,435	145
Total expenditure	174,923	9,172	615	2,560	4,435	158,141

Budgetary Expenditure in 1993-94

Total net expenditure with outside parties in 1993-94 amounted to \$157,996 million. This represents a decrease of \$3,405 million from the level of \$161,401 million reported in 1992-93.

Government spending consists of four major types:

- transfer payments;
- Crown corporations expenditures;
- other program expenditures; and,
- public debt charges.

Transfer Payments

Net transfer payments amounted to \$83,368 million in 1993-94 compared to \$85,460 million in 1992-93, for a decrease of \$2,092 million.

Transfer payments include:

- payments to persons for income support or income supplement. Assistance is based on age, family status, income, and employment criteria;
- payments to provinces and territories under three main programs:

- Established Program Financing: financial assistance in respect of health care services and post-secondary education;
- Fiscal Arrangements: unconditional fiscal transfer payments to lower income provinces including subsidies under the Constitution Acts and reciprocal taxation payments; and,
- Canada Assistance Plan: federal Government share in the cost of social assistance programs administered by provinces;
- other transfer payments, including various subsidies paid through federal programs to stabilize market prices for commodities, for the development of new technologies, for the conduct of research, for the establishment of new jobs through support for training, for the promotion of educational and cultural activities, and other miscellaneous payments.

Crown Corporations Expenditures

Crown corporations expenditures include budgetary allocations to a wide variety of corporations. Net Crown corporations expenditures amounted to \$5,298 million in 1993-94 compared to \$6,219 million in 1992-93, for a decrease of \$921 million.

Other Program Expenditures

Other program expenditures include defence spending, as well as Government administration and specific services delivered to the public. This spending covers the operating and capital cost associated with programs directly delivered by the federal Government such as food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system, to name just a few. Other program expenditures amounted to \$31,348 million in 1993-94 compared to \$30,897 million in 1992-93, for an increase of \$451 million.

Public Debt Charges

Public debt charges include the interest on unmatured debt, on specified purpose accounts and on other accounts, the amortization of premiums, discounts and commissions on unmatured debt, and the servicing costs and the costs of issuing new borrowings. Net public debt charges amounted to \$37,982 million in 1993-94 compared to \$38,825 million in 1992-93. The decrease of \$843 million is due to lower interest rates.

SUPPLEMENTARY STATEMENTS

Expenditure by Standard Object

Table 4.3 presents total expenditure by standard object on both a gross and net basis for the current fiscal year.

TABLE 4.3
TOTAL EXPENDITURE BY STANDARD OBJECT
(in millions of dollars)

	Total expenditure	Less:		Total expenditure with outside parties
		Internal expenditure	Internal expenditure credited to appropriations	
Personnel	18,744		13	18,731
Transportation and communications	2,234	8	262	1,964
Information	411	6	186	219
Professional and special services	4,248	32	971	3,245
Rentals	2,061	28	862	1,171
Purchased repair and maintenance	1,792	11	344	1,437
Utilities, materials and supplies	2,666	8	256	2,402
Construction and/or acquisition of land, buildings and works	1,636	21	629	986
Construction and/or acquisition of machinery and equipment	3,742	1	46	3,695
Transfer payments	92,540			92,540
Public debt charges	37,982			37,982
Other subsidies and payments	6,867	30	866	5,971
Total gross expenditure	174,923	145	4,435	170,343
Less:				
Revenue credited to expenditure				
From outside parties	2,560			2,560
Internal to the Government	5,745	-145	5,745	145
Revenue of consolidated Crown corporations	615			615
Unemployment Insurance Account	-1,310		-1,310	
Expenditure internal to the Government		145		-145
Tax credits and repayments	9,172			9,172
	16,782		4,435	12,347
Total net expenditure	158,141	145		157,996

Public Debt Charges

A comparative summary of public debt charges is presented in Table 4.4. The table also discloses the reconciling item between total public debt charges as reported in the Finance ministerial section (Section 9) of Volume II (Part I) and the total

net expenditure of the public debt indicated in Table 4.1. The reconciling item includes the expenditure of the consolidated specified purpose accounts.

TABLE 4.4
PUBLIC DEBT CHARGES⁽¹⁾
(in millions of dollars)

	1993-94	1992-93
Unmatured debt—		
Marketable bonds—		
Interest	17,267	16,564
Amortization of premiums and discounts	156	121
Canada savings bonds—		
Interest	1,874	2,552
Amortization of commissions	58	58
Interest on special non-marketable bonds—		
Canada Pension Plan Investment Fund	369	356
Amortization of discounts on Treasury bills	8,489	10,086 ⁽²⁾
Notes and loans		
Amortization of discounts on Canada bills	140	18
Servicing costs and costs of issuing new loans	43	32
Total public debt charges related to unmaturing debt	28,396	29,787
Interest on specified purpose accounts—		
Pension liability—Superannuation accounts	9,094	8,466
Government Annuities Account	51	54
Canada Pension Plan	170	229
Deposit and trust accounts	79	89
Other	139	121
Total public debt charges related to specified purpose accounts	9,533	8,959
Interest on consolidated specified purpose accounts—		
Unemployment Insurance Account	6	1
Western Grain Stabilization Account		1
Agricultural Commodities Stabilization Accounts	8	9
Other	13	15
Total public debt charges related to consolidated specified purpose accounts	27	26
Total public debt charges related to other accounts (interest)	53	79
Total public debt charges ⁽³⁾	38,009	38,851
Less:		
Total public debt charges related to consolidated specified purpose accounts	27	26
Total net/gross public debt expenditure with outside parties	37,982	38,825

⁽¹⁾ Additional details are provided in Table 2a in Section 1 of Volume II (Part I).

⁽²⁾ Less than \$500,000.

⁽³⁾ Additional details are provided in Section 9 of Volume II (Part II).

Expenditure under Statutory Authority

The spending authority provided by statutory authority is for specified purposes and for such amounts and such time as the acts prescribe. This spending authority does not generally lapse at the end of the year in which it is granted. Expenditure under such authority accounts for more than two-thirds of the total net expenditure each year.

Table 4.5 presents a comparative summary of these statutory expenditures. The table also discloses the reconciling items between total ministerial expenditure under statutory authority and total net statutory expenditure. The reconciling items include the statutory expenditure of the consolidated specified purpose accounts and the provision for valuation. Revenue credited to appropriations from outside parties has been added to the total net statutory expenditure to obtain the total gross statutory expenditure with outside parties.

TABLE 4.5

EXPENDITURE UNDER STATUTORY AUTHORITY

(in millions of dollars)

	1993-94	1992-93
Public debt charges	38,009	38,851
Old age security payments	15,027	14,421
Federal-provincial fiscal arrangements and public utilities	7,948	7,747
Payments for hospital insurance, medical care and extended health care services	7,232	8,307
Canada Assistance Plan payments	7,219	6,722
Guaranteed income supplement payments	4,446	4,250
Family allowance payments	7	2,187
Post-secondary education payments to provinces and territories	2,378	2,887
Payments to railway companies under the <i>Western Grain Transportation Act</i>	633	723
Spouse's allowance payments	429	435
Interest payments, liabilities under the <i>Canada Student Loans Act</i>	521	498
Grants to municipalities and other taxing authorities	426	426
Payments in connection with the <i>Farm Income Protection Act</i> —		
Gross Revenue Insurance Program	467	679
Superannuation, supplementary retirement benefits, death benefits and other pensions— ⁽¹⁾		
Public Service—		
Government's matching contribution to the Public Service Superannuation Account	850	763
Government's contribution as employer to the Unemployment Insurance Account	344	335
Government's matching contribution to the Canada and the Quebec Pension Plans	185	195
Government's matching contribution to the death benefit account	7	7
	1,386	1,300
<i>Less: recoveries from revolving funds</i>	65	82
	1,321	1,218
Canadian Forces—		
Government's matching contribution to the Canadian Forces Superannuation Account	435	424
Statutory payments under the <i>Supplementary Retirement Benefits Act</i>	18	37
Government's contribution as employer to the Unemployment Insurance Account	113	115
Government's matching contribution to the Canada and the Quebec Pension Plans	61	59
Government's matching contribution to the death benefit account	2	2
	629	637
Royal Canadian Mounted Police—		
Government's matching contribution to the Royal Canadian Mounted Police Superannuation Account	126	120
Statutory payments under the <i>Supplementary Retirement Benefits Act</i>	21	21
Government's contribution as employer to the Unemployment Insurance Account	27	27
Government's matching contribution to the Canada and the Quebec Pension Plans	19	14
	193	182
All other statutory expenditures	2,048	2,086
Total ministerial expenditure under statutory authority ⁽²⁾	88,933	92,256
Consolidated specified purpose accounts—		
Unemployment Insurance Account	18,417	19,890
Western Grain Stabilization Account	-8	-24
Crop Reinsurance Fund	51	21
Agricultural Commodities Stabilization Accounts	62	22
Other	-45	160
Total expenditure of consolidated specified purpose accounts	18,477	20,069
Provision for valuation	2,689	799
Total net statutory expenditure with outside parties	110,099	113,124
Revenue credited to appropriations from outside parties	454	491
Total gross statutory expenditure with outside parties	110,553	113,615

⁽¹⁾ Details related to other pension accounts such as the Members of Parliament Retiring Allowances Account are not included.⁽²⁾ Additional details are provided in Table 7 in Section 1 of Volume II (Part I).

Details of Certain Transfer Payments by Province

Table 4.6 presents a comparative analysis by province of certain transfer payments.

TABLE 4.6

CERTAIN TRANSFER PAYMENTS BY PROVINCE (in thousands of dollars)

	Old age security benefits ⁽¹⁾	Child tax benefits and related payments	Unemploy- ment insurance benefits	Education support	Canada Assistance Plan	Extended health care services	Insured health services
Newfoundland	435,706	35	904,238	59,345	173,576	29,545	140,662
	<i>425,433</i>	<i>49,607</i>	<i>1,033,434</i>	<i>68,624</i>	<i>151,398</i>	<i>29,315</i>	<i>158,915</i>
Prince Edward Island	117,294	5	210,660	13,228	37,456	6,674	31,380
	<i>115,071</i>	<i>11,146</i>	<i>210,206</i>	<i>15,681</i>	<i>35,491</i>	<i>6,622</i>	<i>36,280</i>
Nova Scotia	756,958	92	830,105	92,995	264,519	46,720	220,519
	<i>739,643</i>	<i>70,887</i>	<i>841,475</i>	<i>112,314</i>	<i>248,611</i>	<i>47,704</i>	<i>260,031</i>
New Brunswick	612,397	59	878,490	75,696	208,536	38,063	179,664
	<i>597,500</i>	<i>58,976</i>	<i>867,142</i>	<i>91,516</i>	<i>227,314</i>	<i>38,919</i>	<i>211,904</i>
Quebec	5,236,060	1,018	5,371,615	376,287	2,013,935	366,135	984,506
	<i>5,022,029</i>	<i>531,568</i>	<i>5,795,917</i>	<i>538,608</i>	<i>1,825,703</i>	<i>372,319</i>	<i>1,315,572</i>
Ontario	6,892,163	3,732	5,208,558	964,313	2,520,716	542,649	2,317,439
	<i>6,603,201</i>	<i>792,618</i>	<i>5,893,948</i>	<i>1,119,102</i>	<i>2,282,903</i>	<i>563,110</i>	<i>2,633,630</i>
Manitoba	908,104	161	475,296	112,970	306,966	56,746	268,024
	<i>880,879</i>	<i>93,503</i>	<i>499,616</i>	<i>133,782</i>	<i>294,233</i>	<i>56,608</i>	<i>309,578</i>
Saskatchewan	884,548	431	376,046	101,228	227,361	50,857	240,044
	<i>853,702</i>	<i>89,670</i>	<i>398,145</i>	<i>126,393</i>	<i>197,050</i>	<i>51,145</i>	<i>291,354</i>
Alberta	1,444,937	486	1,239,819	257,706	587,924	134,989	614,208
	<i>1,372,156</i>	<i>228,909</i>	<i>1,318,797</i>	<i>277,478</i>	<i>618,960</i>	<i>137,686</i>	<i>652,210</i>
British Columbia	2,467,219	902	2,018,795	316,296	839,545	178,702	760,172
	<i>2,366,178</i>	<i>257,702</i>	<i>2,186,812</i>	<i>394,228</i>	<i>803,204</i>	<i>184,679</i>	<i>921,341</i>
Total provinces	19,755,386	6,921	17,513,622	2,370,064	7,180,534	1,451,080	5,756,618
	<i>18,975,792</i>	<i>2,184,586</i>	<i>19,045,492</i>	<i>2,877,726</i>	<i>6,684,867</i>	<i>1,488,107</i>	<i>6,790,815</i>
Northwest Territories	14,251	7	37,576	5,587	28,489	3,173	13,449
	<i>13,797</i>	<i>7,213</i>	<i>39,991</i>	<i>5,391</i>	<i>26,318</i>	<i>3,579</i>	<i>13,113</i>
Yukon Territory	7,617	21	42,446	2,521	10,173	1,611	6,159
	<i>7,187</i>	<i>2,711</i>	<i>33,872</i>	<i>4,012</i>	<i>10,953</i>	<i>1,670</i>	<i>9,277</i>
International	125,484		3,734				
	<i>108,873</i>		<i>4,536</i>				
Total ⁽²⁾	19,902,738	6,949	17,597,378	2,378,172	7,219,196	1,455,864	5,776,226
	<i>19,105,649</i>	<i>2,194,510</i>	<i>19,123,891</i>	<i>2,887,129</i>	<i>6,722,138</i>	<i>1,493,356</i>	<i>6,813,205</i>

Amounts in roman type are 1993-94 transfer payments.

Amounts in *italic* type are 1992-93 transfer payments.

⁽¹⁾ Includes guaranteed income supplements and spouses' allowances.

⁽²⁾ The provision for valuation has not been included in this table.

SECTION 5

1993-94

PUBLIC ACCOUNTS

Consolidated Accounts

CONTENTS

	<i>Page</i>
Consolidated Crown corporations	5.3
Summary financial statements of consolidated Crown corporations	5.3
Borrowings by consolidated agent Crown corporations	5.8
Contingent liabilities of consolidated Crown corporations	5.8
Financial assistance under budgetary appropriations to consolidated Crown corporations	5.9
Consolidated specified purpose accounts	5.10
Unemployment Insurance Account	5.11
Canadian Ownership Account	5.12
Western Grain Stabilization Account	5.12
Crop Reinsurance Fund	5.12
Agricultural Commodities Stabilization Accounts	5.13
Environmental Studies Research Funds	5.13
Insurance Accounts	5.13
Other Specified Purpose Accounts	5.14
Supplementary statement—	
Canada Employment and Immigration Commission relating to the Unemployment Insurance Account	5.16

NOTE TO READER

Major reorganizations were made to the structure and names of certain ministries in 1993-94. For details of these changes, please refer to the **Introduction** at the beginning of this volume.

CONSOLIDATED CROWN CORPORATIONS

This section provides all related information on consolidated Crown corporations. Consolidated Crown corporations are those Crown corporations who rely on Government funding as their principal source of revenue.

Consolidation involves the combination of the accounts of these corporations on a line-by-line and uniform basis of accounting and eliminating inter-organizational balances and transactions. Before these balances and transactions can be eliminated, the corporations' accounts must be adjusted to the Government basis of accounting. Most corporations follow generally accepted accounting principles (GAAP) used by private sector companies. The most significant difference between GAAP and the Government basis of accounting is that under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written-off over their respective lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition.

Summary Financial Statements of Consolidated Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations.

For those corporations having other year ends than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 5.1 and 5.2 summarize the financial transactions and results of operations as reported by the consolidated Crown corporations.

Financial assets include cash, receivables, loans and investments. Financial assets are segregated between third parties and Government and Crown corporations. The financial assets reported under Government and Crown corporations represent receivables and, loans and investments between related parties. Physical assets and deferred charges are assets such as property, plant and equipment and inventories that are accounted for under generally accepted accounting principles by most corporations which differs from those of the Government. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government and Crown corporations. Borrowings from third parties represent long-term debt payable of the corporations. Other third party liabilities are amounts due for purchases, employee benefits, various accruals, capital leases and like items. The liabilities reported under Government and Crown corporations represent payables and borrowings between related parties.

Revenues are the inflow of cash, receivables and other consideration arising in the course of ordinary activities of a corporation, normally the sale of goods, the rendering of services and the use by others of enterprise resources yielding interest, royalties and dividends. Revenue is segregated between third parties and Government and Crown corporations. Government and Crown corporations' revenue is broken down further to identify revenue arising from normal operations and financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are the outflow or reduction of assets or incurrence of liabilities resulting from a corporation's ordinary revenue generating or service delivery activities. Expenses are segregated between third parties and Government and Crown corporations. Revenues and expenses are used to determine the net income or loss of the Crown corporation. Equity transactions other than current year's net income or loss are segregated between adjustments and transactions with the Government. Adjustments include prior period adjustments and other items affecting equity as recorded by the corporations. Equity transactions with the Government include dividends declared or transfers of profits to the Government as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations' generally accepted accounting principles basis of accounting to the Government's basis of accounting.

These tables present consolidated financial information on consolidated parent Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. The "President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada" includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 5.3 summarizes such borrowings for the consolidated corporations and the changes during the year ended March 31, 1994. Contingent liabilities of consolidated corporations are presented in Table 5.4.

A summary of financial assistance under Government budgetary appropriations to consolidated Crown corporations for the year ended March 31, 1994 is provided in Table 5.5. Differences in figures reported in Table 5.2 and those reported in Table 5.5 result from the use of different accounting policies and from items in transit.

TABLE 5.1

FINANCIAL POSITION OF CONSOLIDATED CROWN CORPORATIONS — ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 1994
(in thousands of dollars)

	Assets			
	Financial			
Crown corporations ⁽¹⁾	Third parties	Government and Crown corporations	Physical assets and deferred charges	Total of assets
Canada Council	101,013	32,957	23,804	157,774
Canada Harbour Place Corporation ⁽²⁾				
Canada Lands Company Limited				
Canada Lands Company (Vieux-Port de Québec) Inc ⁽³⁾	494			494
Old Port of Montreal Corporation Inc	3,623		414	4,037
Canada Museums Construction Corporation Inc ⁽⁴⁾	1,487	132		1,619
Canada Mortgage and Housing Corporation				
Minister's Account				
Canadian Broadcasting Corporation	69,975	56,696	1,455,370	1,582,041
Canadian Dairy Commission				
Dairy Support Operation Financed by the Government of Canada				
Canadian Film Development Corporation	7,873	27,413	3,951	39,237
Canadian Institute for International Peace and Security ⁽⁵⁾				
Canadian Museum of Civilization	3,258	9,645	12,330	25,233
Canadian Museum of Nature	3,674	1,153	3,096	7,923
Defence Construction (1951) Limited	116	752	1,572	2,440
Enterprise Cape Breton Corporation	4,129	109	116	4,354
Queens Quay West Land Corporation ⁽⁶⁾	17,387		6,077	23,464
International Centre for Ocean Development ⁽⁷⁾				
International Development Research Centre	34,620		6,641	41,261
Jacques Cartier and Champlain Bridges Incorporated, The	2,787	8,443	13,049	24,279
Marine Atlantic Inc	11,801	173	384,746	396,720
National Arts Centre Corporation	2,289	413	13,070	15,772
National Capital Commission	26,686	2,517	340,648	369,851
National Gallery of Canada	6,504	890	10,006	17,400
National Museum of Science and Technology	1,030	1,886	6,369	9,285
Standards Council of Canada	1,239	776	825	2,840
VIA Rail Canada Inc	33,134	88,950	682,421	804,505
Total consolidated corporations	333,119	232,905	2,964,505	3,530,529
Conversion to the Government accounting basis for consolidation purposes	201	810	2,964,505	2,965,516
Total on the Government accounting basis	332,918	232,095		565,013

⁽¹⁾ All Crown corporations listed in this table are parent Crown corporations except the following: Canada Harbour Place Corporation, Canada Lands Company (Vieux-Port de Québec) Inc., Canada Museums Construction Corporation Inc., Old Port of Montreal Corporation Inc., and The Jacques Cartier and Champlain Bridges Incorporated.

⁽²⁾ Pursuant to Bill C-8, the *Crown Corporations Dissolution or Transfer Authorization Act*, which received Royal Assent on November 26, 1991, Canada Harbour Place Corporation became a wholly-owned subsidiary of the Vancouver Port Corporation and was deleted from Schedule III-1 of the *Financial Administration Act* (FAA) on March 17, 1993.

⁽³⁾ The Corporation is inactive.

⁽⁴⁾ Pursuant to Bill C-8, the Canada Museums Construction Corporation Inc. became a wholly-owned subsidiary of the Canada Lands Company Limited on June 18, 1992 and was deleted from Schedule III-1 of the FAA on February 4, 1993.

⁽⁵⁾ Pursuant to Bill C-63, an Act to dissolve or terminate certain Crown corporations and other bodies, which received Royal Assent on February 4, 1993, the Canadian Institute for International Peace and Security was dissolved on March 26, 1993.

⁽⁶⁾ Pursuant to Bill C-8, the dissolution of Harbourfront Corporation is anticipated. The Corporation's name was changed to Queens Quay West Land Corporation effective March 16, 1993.

⁽⁷⁾ Pursuant to Bill C-63, an Act to dissolve or terminate certain Crown corporations and other bodies, which received Royal Assent on February 4, 1993, the International Centre for Ocean Development was dissolved and was deleted from Schedule III-1 of the FAA on March 26, 1993.

Liabilities					
Third parties		Government and Crown corporations	Total liabilities	Equity of Canada	Total liabilities and equity
Borrowings	Other				
	27,967	6,754	34,721	123,053	157,774
	2	289	291	203	494
	3,779	258	4,037		4,037
	1,543		1,543	76	1,619
	783,666	41,553	825,219	756,822	1,582,041
	10,715	119	10,834	28,403	39,237
	11,053	467	11,520	13,713	25,233
	5,217	444	5,661	2,262	7,923
	2,934	257	3,191	-751	2,440
	1,952		1,952	2,402	4,354
	2,685	46,791	49,476	-26,012	23,464
	14,028	2,300	16,328	24,933	41,261
	8,308	159	8,467	15,812	24,279
8,065	389,900	9,984	407,949	-11,229	396,720
	4,459	120	4,579	11,193	15,772
	38,364	1,491	39,855	329,996	369,851
	7,501	1,428	8,929	8,471	17,400
	2,895	291	3,186	6,099	9,285
	1,267	20	1,287	1,553	2,840
	135,232	29,076	164,308	640,197	804,505
8,065	1,453,467	141,801	1,603,333	1,927,196	3,530,529
	825,887	34,841	860,728	2,104,788	2,965,516
8,065	627,580	106,960	742,605	-177,592	565,013

TABLE 5.2

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CONSOLIDATED CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1994
(in thousands of dollars)

Crown corporations	Revenues			
	Third parties	Government and Crown corporations		Total
		Financial assistance	Other	
Canada Council	6,090	99,335	5,101	110,526
Canada Harbour Place Corporation				
Canada Lands Company Limited				
Canada Lands Company (Vieux-Port de Québec) Inc				
Old Port of Montréal Corporation Inc	7,280	5,469		12,749
Canada Museums Construction Corporation Inc	84		19	103
Canada Mortgage and Housing Corporation				
Minister's Account		1,944,768		1,944,768
Canadian Broadcasting Corporation	371,029	954,662	3,381	1,329,072
Canadian Dairy Commission				
Dairy Support Operation Financed				
by the Government of Canada		228,263		228,263
Canadian Film Development Corporation	25,197	123,919		149,116
Canadian Institute for International Peace and Security				
Canadian Museum of Civilization	6,714	39,551	349	46,614
Canadian Museum of Nature	2,322	18,938		21,260
Defense Construction (1951) Limited		15,730	2,447	18,177
Enterprise Cape Breton Corporation	1,080		24	1,104
Queens Quay West Land Corporation	3,818		6	3,824
International Centre for Ocean Development				
International Development Research Centre	2,790	142,000	7,969	152,759
Jacques Cartier and Champlain Bridges Incorporated, The	697	35,490	68	36,255
Marine Atlantic Inc	86,892	117,899	2,946	207,737
National Arts Centre Corporation	14,109		925	15,034
National Capital Commission	15,811	89,501	5,792	111,104
National Gallery of Canada	3,236	28,707		31,943
National Museum of Science and Technology	2,172	16,192	31	18,395
Standards Council of Canada	2,845	5,568	428	8,841
VIA Rail Canada Inc	160,959	329,340	6,606	496,905
Total	713,125	4,195,332	36,092	4,944,549
Conversion to the Government accounting				
basis for consolidation purposes	27,788	204,706	-1,063	231,431
Total on the Government accounting basis	740,913	4,400,038	35,029	5,175,980

Notes to Table 5.1 are an integral part of this table.

Third parties	Expenses		Net income/ loss(-)	Equity beginning of year	Adjustments	Equity transactions with Government		Equity end of year
	Government and Crown corporations	Total				Dividends	Capital	
112,504		112,504	-1,978	116,280 61,986	-61,986		8,751	123,053
				203				203
12,749 -302		12,749 -302	405	-329				76
1,733,941 1,475,744	210,827 5,704	1,944,768 1,481,448	-152,376	774,321			134,877	756,822
228,263 141,915		228,263 143,452	5,664	22,739 22		-22		28,403
46,581 19,051	732 1,528	47,313 20,579	-699 681	14,412 1,267	-500		814	13,713 2,262
	17,156	17,156	1,021	-1,772				-751
10,982 9,255	70 2,791	11,052 12,046	-9,948 -8,222	2,525 -8,540			9,825 -9,250	2,402 -26,012
				1,624		-1,624		
127,890 36,562		127,890 37,336	24,869 -1,081	64 16,674			219	24,933 15,812
200,959 35,109	1 2,197	200,960 37,306	6,777 -22,272	-378 11,207			-17,628 22,258	-11,229 11,193
103,722 30,161	7,537 2,723	111,259 32,884	-155 -941	330,151 9,412				329,996 8,471
16,699 8,317	1,022 199	17,721 8,516	674 325	5,425 1,228				6,099 1,553
457,884	77,207	535,091	-38,186	669,523			8,860	640,197
4,807,986	332,005	5,139,991	-195,442	2,028,044	-62,486	-1,646	158,726	1,927,196
60,773	-19,292	41,481	189,940	-2,200,134	62,486	1,646	-158,726	-2,104,788
4,868,759	312,713	5,181,472	-5,502	-172,090				-177,592

Borrowings by Consolidated Agent Crown Corporations

Table 5.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that an annual statement be included in the Public Accounts. The borrowings are from

lenders other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary financial statements of Canada.

TABLE 5.3

BORROWINGS BY CONSOLIDATED AGENT CROWN CORPORATIONS (in thousands of dollars)

	Balance April 1/1993	Borrowings and other credits	Payments and other charges	Balance March 31/1994
National Arts Centre Corporation		1,680	1,680	
Total		1,680	1,680	

Notes to Table 5.1 are an integral part of this table.

Contingent Liabilities of Consolidated Crown Corporations

Table 5.4 summarizes the contingent liabilities of the consolidated Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 5.4

CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS (in thousands of dollars)

	March 31, 1994
Agent Crown corporations	
Canada Lands Company (Vieux-Port de Québec) Inc.—Miscellaneous litigation	1,200
Canada Museums Construction Corporation Inc.—Contract disputes	7,400
Enterprise Cape Breton Corporation—Loan guarantee	11,060
Defence Construction (1951) Limited—Contract disputes	3,771
National Capital Commission—Miscellaneous litigation and agreements	18,200
Old Port of Montréal Corporation Inc.—Contract dispute	2,000
	43,631
Non-agent Crown corporation	
Marine Atlantic Inc.—Miscellaneous claims	1,261
Total	44,892

Notes to Table 5.1 are an integral part of this table.

Financial Assistance Under Budgetary Appropriations to Consolidated Crown Corporations

Table 5.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 5.2. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 5.5

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CONSOLIDATED CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1994 (in thousands of dollars)

	Financial assistance under budgetary appropriations ⁽¹⁾	Purpose	
		Operations	Capital expenditures
<u>Agent Crown corporations</u>			
Canada Lands Company Limited			
Old Port of Montreal Corporation Inc	5,200	5,200	
Canada Mortgage and Housing Corporation	1,944,768	1,944,768	
Canadian Broadcasting Corporation	1,104,830	961,283	143,547
Canadian Dairy Commission	225,040	225,040	
Canadian Film Development Corporation	123,918	123,918	
Canadian Museum of Civilization	39,551	39,551	
Canadian Museum of Nature	19,753	19,753	
Defence Construction (1951) Limited	15,735	15,735	
Enterprise Cape Breton Corporation	9,825	9,825	
National Capital Commission	89,501	75,193	14,308
National Gallery of Canada	28,857	3,000	25,857
National Museum of Science and Technology	16,192	16,192	
	<i>3,623,170</i>	<i>3,439,458</i>	<i>183,712</i>
<u>Non-agent Crown corporations</u>			
Canada Council	99,335	99,335	
International Development Research Centre	142,000	142,000	
Jacques Cartier and Champlain Bridges Incorporated, The	35,719	35,719	
Marine Atlantic Inc	129,275	129,275	
National Arts Centre Corporation	22,258	22,258	
Standards Council of Canada	5,581	5,581	
VIA Rail Canada Inc	342,700	342,700	
	<i>776,868</i>	<i>776,868</i>	
Total	4,400,038	4,216,326	183,712

⁽¹⁾Excludes grants and contributions paid to agent and non-agent Crown corporations where they qualify as members of a general class of recipients.

⁽²⁾Includes budgetary appropriations for Government programs known as the "Minister's account".

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are special categories of budgetary revenue and expenditure which report transactions of certain accounts where enabling legislation requires that revenues be earmarked, and that related payments and expenditures be charged against such revenues. They are used principally where the activities are similar in nature to departmental activities and the transactions do not represent liabilities to third parties but in essence constitute Government revenue and expenditure.

In the past, earmarked revenues were credited to non-budgetary accounts, with related offsetting payments and

expenditures charged thereto. The transactions of these accounts are now reported with budgetary revenue and expenditure, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 5.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation.

The financial statements of the Unemployment Insurance Account, together with the Auditor General's report thereon, are presented at the end of this section.

TABLE 5.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

	April 1/1993	Receipts and other credits		Payments and other charges		March 31/1994
		From outside parties	Internal to the Government	With outside parties	Internal to the Government	
	\$	\$	\$	\$	\$	\$
Unemployment Insurance Account, Table 5.7	-657,660,145	18,232,896,248	1,237,065,021	18,906,417,236	449,795,112	-543,911,224
Less: interest-bearing loans	5,358,000,000		747,000,000			6,105,000,000
	-6,015,660,145	18,232,896,248	490,065,021	18,906,417,236	449,795,112	-6,648,911,224
Canadian Ownership Account	1,908,783,660	1,391,418				1,910,175,078
Add: investments made through the Canadian Ownership Account	1,656,854,321					1,656,854,321
Canadian Ownership special charge collected	3,565,637,981	1,391,418				3,567,029,399
Western Grain Stabilization Account	12,238,735	24,200	359,419	-7,754,671		20,377,025
Less: interest-bearing loans	1,112,000,000					1,112,000,000
	-1,099,761,265	24,200	359,419	-7,754,671		-1,091,622,975
Crop Reinsurance Fund	51,270,564	35,330,922		50,543,829		36,057,657
Less: interest-bearing loans	443,156,751					443,156,751
	-391,886,187	35,330,922		50,543,829		-407,099,094
Agricultural Commodities Stabilization Accounts	153,492,933	197,335,087	39,157,875	101,381,679	166,757,310	121,846,906
Less: interest-bearing loans	178,038,314				158,760,056	19,278,258
	-24,545,381	197,335,087	39,157,875	101,381,679	7,997,254	102,568,648
Environmental Studies Research Funds	1,129,473	34,389		456,728		707,134
Insurance Accounts—						
Fishing Vessel Insurance Plan	25,551,254	6,295,097		4,692,067		27,154,284
Nuclear Liability Reinsurance Account	538,521	3,000				541,521
Investors' Indemnity Account	63,828			31,247		32,581
Land Assurance Fund	1,828,160	25,261	54,845	1,908,266		
Health Insurance Supplementary Account	28,387					28,387
Ship-Source Oil Pollution Fund	209,909,770		13,366,113	5,390,712		217,885,171
	237,919,920	6,323,358	13,420,958	12,022,292		245,641,944
Other Specified Purpose Accounts—						
Marconi Celebration Trust Fund	9,141	27,500		25,711		10,930
Claudia de Hueck Bequest Account	347,496		14,284			361,780
Natural Sciences and Engineering Research Council—Donation Trust Fund	1,100	303,078		292,774		11,404
Sioux Lookout Zone Hospital		595		155		440
National Battlefields Commission Trust Fund	182,344	17,034	6,168	62,287		143,259
Medical Research Council—Donations for research	340,870	2,058,700	27,991	931,808		1,495,753
National Library—Special Operating Account	46,515	41,273		25,860		61,928
National Round Table on the Environment and Economy		113,852		106,259		7,593

TABLE 5.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	April 1/1993	Receipts and other credits		Payments and other charges		March 31/1994
		From outside parties	Internal to the Government	With outside parties	Internal to the Government	
	\$	\$	\$	\$	\$	\$
National Archives of Canada Account	96,496	104,142		59,903		140,735
Canadian Centre for Occupational Health and Safety—Donations	75,795					75,795
Flight Recorder Software Systems Account		15,560				15,560
Friends of Rideau Hall Account		130,215		110,403		19,812
Fort Langley Legacy Foundation Donation		100,000		100,000		
Supplementary Fines Fish Account		10,000		10,000		
Fines for the Transportation of Dangerous Goods		51,549				51,549
Fish Habitat Restoration Account		3,000,000		1,092,300		1,907,700
Canadian Commercial Bank and Northland Bank Holdback Account	228,740,529	17,482,935				246,223,464
Seized Property Proceeds Account		2,245,451		640,666		1,604,785
Alexander Graham Bell National Historic Site	33,990	27,500	1,943	30,000		33,433
	229,874,276	25,729,384	50,386	3,488,126		252,165,920
Total	-3,497,291,328	18,499,065,006	543,053,659	19,066,555,219	457,792,366	-3,979,520,248 ⁽¹⁾

(1) An adjustment of \$49 million, representing net change in revenue as a result of 1993 and 1994 accounts receivable (revenue credited to the vote), is not included in this total.

Unemployment Insurance Account

The *Unemployment Insurance Act* provides for a compulsory contributory unemployment insurance program applicable to all employees, with few exceptions.

The Act authorizes that an account be established in the accounts of Canada to be known as the Unemployment Insurance Account.

The Act provides that the following be credited to the Account: (a) premiums, penalties and interest; (b) refunds of overpayments of benefits and, since November 18, 1990, of special assistance payments, and benefit repayments; (c) amounts for services rendered to other Government departments or agencies, or to the public; (d) amounts provided for any other purpose related to unemployment insurance and authorized by an appropriation administered by the Canada Employment and Immigration Commission; and, (e) interest on the balance of the Account at such rates as the Minister of Finance may authorize.

The Act also provides that the following be charged to the Account: (a) benefits and, since November 18, 1990, special assistance payments paid under the Act; (b) costs of administering the Act; and (c) interest on advances made by the Minister of Finance.

Maximum weekly employee premiums were \$22.35 from April 1, 1993 to December 31, 1993 and \$23.95 from January 1, 1994 to March 31, 1994. Maximum weekly benefits were \$425 from April 1, 1993 to December 31, 1993 and \$445 from January 1, 1994 to March 31, 1994.

Transactions with outside parties are reported in Table 5.6 as follows: receipts and other credits of \$18,233 million (\$17,535 million in 1993) are reported as revenue, while payments and other charges of \$18,906 million (\$20,369 million in 1993) are reported as expenditure.

Receipts and other credits of \$1,237 million (\$3,082 million in 1993), and payments and other charges of \$450 million (\$297 million in 1993), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

TABLE 5.7

TRANSACTIONS IN THE UNEMPLOYMENT INSURANCE ACCOUNT

(in millions of dollars)

	1993-94	1992-93
RECEIPTS AND OTHER CREDITS—		
Premiums—		
Employers and employees	18,671	17,970
Penalties	46	41
Interest earned	5	1
	18,722	18,012
PAYMENTS AND OTHER CHARGES—		
Benefits	17,596	19,128
Administration costs	1,310	1,242
Interest expense	450	27
	19,356	20,397
Net decrease(-)	-634	-2,385
Add—Advances	747	2,335
Add—Balance at beginning of year	-657	-607
Balance at end of year	-544	-657

The unemployment insurance benefits as reported in Table 5.7 (\$17,596 million) differ from the benefits (\$17,587 million) reported in the Statement of Revenue and Expenditure (Section 1 of this volume). The difference is attributed to the further adjustments due to provision for valuation (\$29 million) and the unemployment insurance benefits recovery of \$39 million through the Income Tax System.

Canadian Ownership Account

This account was established under the authority of Energy, Mines and Resources Vote 5c, *Appropriation Act No 4, 1980-81*. The account was credited with amounts received from the Canadian Ownership special charge levied to increase public ownership of the oil and gas industry in Canada.

The special charge was cancelled due to deregulation on June 1, 1985. Transactions since that time are the result of adjustments due to audits. The final such credit was received during the current year.

Receipts and other credits from outside parties of \$1.4 million (\$0.2 million in 1993) are reported as revenue in the Statement of Revenue and Expenditure.

Western Grain Stabilization Account

The purpose of the *Western Grain Stabilization Act* is to protect prairie grain producers from unexpected and large income declines, through the stabilization of returns on the production and sale of wheat, oats, barley, rye, domestic mustard seed, canola, flax seed, triticale, mixed grain, sunflower seed, safflower seed, buckwheat, peas, lentils, fababeans and canary seed as well as any other prescribed seed that is produced in the designated area and is a grain for which a grade has been established and designated as "Canada Western" by regulation under the *Canada Grain Act*.

This account records funds for this purpose which are received from:

- (a) levies paid by participating producers—a levy rate ranging from 2 percent to 4 percent applied to a participant's grain sales proceeds not exceeding \$60,000 per year;
- (b) Government contributions equal to levies paid by producers plus an additional 2 percent of the participating eligible grain sales proceeds of all participants on which levy has been paid by participants;
- (c) interest on the amount standing to the credit of the Account at rates and in accordance with the terms and conditions determined by the Minister of Finance; and,
- (d) pursuant to section 45 of the *Western Grain Stabilization Act* advances can be made from the Consolidated Revenue Fund when the balance in the Account is not sufficient for the payment of the stabilization payments and other amounts required to be charged to the Account pursuant to section 44 of the *Western Grain Stabilization Act*.

The outstanding advance in the Account is presently being renegotiated. Treatment of the Account's deficit upon termination of the Western Grain Stabilization Account is subject to the provision of subsection 24(3) of the *Farm Income Protection Act*: "The Governor in Council may, by order, fix the day on which the Western Grain Stabilization Account continued pursuant to subsection (1) shall be closed." *The Western Grain Stabilization Act* has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Receipts and other credits from outside parties of \$24,200 (-\$1,623 in 1993) are reported as revenue, while payments and other charges to outside parties of -\$8 million (-\$23 million in 1993) are reported as expenditure in the Statement of Revenue and Expenditure.

Receipts and other credits of \$0.4 million (\$1.2 million in 1993), and payments and other charges of nil (\$81 million in 1993), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Crop Reinsurance Fund

This Fund, continued in the accounts of Canada pursuant to section 13(1) of the *Farm Income Protection Act*, provides insurance to participating provinces for costs they incur in operating various crop insurance schemes. The *Crop Insurance Act*, under which the Crop Reinsurance Fund operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

The revenue of the Fund comes from moneys paid by the provinces for the purpose of reinsurance and the expenditure of the Fund are moneys paid to the provinces under the terms of reinsurance agreements. When there is insufficient revenue in the Fund to meet payments, the Minister of Finance advances additional funds to cover these obligations. These advances are recovered without interest from future revenue from the provinces.

Receipts and other credits from outside parties of \$35 million (\$72 million in 1993) are reported as revenue, while payments and other charges of \$50 million (\$21 million in 1993) are reported as expenditure in the Statement of Revenue and Expenditure.

Advances from the Department of Finance to the Crop Reinsurance Fund were nil in 1994 (nil in 1993). Repayment of advances to the Department of Finance were nil in 1994 (\$104 million in 1993). The advances from Finance and their repayment by Agriculture Canada are internal to the operations of the Government and therefore, are normally eliminated in order to present in the assets and liabilities statement only those transactions with outside parties.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts is to reduce income loss to producers from market risks through stabilizing prices. Premiums are shared equally by the Government of Canada, the governments of participating provinces and participating producers. These premiums should equal the total paid over time. There are several active accounts as follows:

- (a) hogs;
- (b) feeder cattle;
- (c) slaughter cattle;
- (d) feeder calves;
- (e) home-raised lambs;
- (f) ewe stock;
- (g) apples;
- (h) white pea beans;
- (i) kidney/cranberry beans;
- (j) other coloured beans;
- (k) sugar beets;
- (l) honey; and,
- (m) onions.

These accounts are continued in the accounts of Canada pursuant to section 16(2) of the *Farm Income Protection Act*. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Receipts and other credits from outside parties of \$197 million (\$158 million in 1993) are reported as revenue, while payments and other charges to outside parties of \$101 million (\$115 million in 1993) are reported as expenditure in the Statement of Revenue and Expenditure.

Receipts and other credits of \$39 million (\$105 million in 1993), and payments and other charges of \$167 million (\$20 million in 1993), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Environmental Studies Research Funds

These accounts were established in Energy, Mines and Resources and Indian Affairs and Northern Development pursuant to section 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Funds is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Receipts and other credits from outside parties of \$34,389 (\$2 million in 1993) are reported as revenue, while payments and other charges to outside parties of \$0.5 million (\$3 million in 1993) are reported as expenditure in the Statement of Revenue and Expenditure.

Insurance Accounts

For the following insurance accounts, receipts and other credits from outside parties of \$6 million (\$7 million in 1993) are reported as revenue, while payments and other charges to outside parties of \$12 million (\$7 million in 1993) are reported as expenditure in the Statement of Revenue and Expenditure.

Receipts and other credits of \$13 million (\$14 million in 1993), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Fishing Vessel Insurance Plan

The Fishing Vessel Insurance Plan is administered in accordance with Vote 540, *Appropriation Act No. 5, 1955*, extended by Vote 527, *Appropriation Act No. 6, 1956* and Vote L38b, *Appropriation Act No 1, 1970*, to insure fishermen against abnormal capital losses. The account is credited with premiums and recoveries, and with advances in accordance with the regulations, such advances not to exceed at any time \$150,000. The account is charged with indemnities, refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen where the collision involves a vessel insured under the Fishing Vessel Insurance Plan. Administration costs are paid from Fisheries and Oceans Vote 1.

Nuclear Liability Reinsurance Account

This account was established pursuant to sections 16 and 17 of the *Nuclear Liability Act*, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

Investors' Indemnity Account

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of \$25,000, such further amounts as are appropriated by Parliament for the purpose of this section, and any recovery of losses referred to in section 58 of the Act. This sum was increased to \$50,000 by Treasury Board Submission No 817667 dated December 12, 1991.

Section 58 states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Land Assurance Fund

This account was established pursuant to sections 160 to 164 of the *Land Titles Act*, to indemnify title holders who suffer loss through misdescriptions in titles, and from other causes specified in the *Land Titles Act*. Fees are collected from the parties who register deeds with the Registrar of Land Titles in the Northwest Territories and the Yukon Territory. Interest is added to the Fund annually, the present rate being 3 percent per annum.

Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

Ship-Source Oil Pollution Fund

This account was established pursuant to section 775 of the *Canada Shipping Act* to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.

Other Specified Purpose Accounts

For the following Other Specified Purpose Accounts, receipts and other credits from outside parties of \$26 million (\$1 million in 1993) are reported as revenue, while payments and other charges to outside parties of \$3 million (\$2 million in 1993) are reported as expenditure in the Statement of Revenue and Expenditure.

Receipts and other credits of \$50,386 (\$36,137 in 1993), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Marconi Celebration Trust Fund

This account was established pursuant to section 21 of the *Financial Administration Act*, for the purpose of raising moneys through public subscriptions and others to construct, operate and maintain a National Historic Site in Glace Bay, Nova Scotia to commemorate the efforts and accomplishments of Guglielmo Marconi in the field of wireless communications.

Claudia de Hueck Bequest Account

This account was established pursuant to section 21 of the *Financial Administration Act* and section 15 of the *Science Council of Canada Act*, to record a bequest made by Mrs. Claudia de Hueck to be used to promote the study of humanities and for general educational purposes.

Natural Sciences and Engineering Research Council—Donation Trust Fund

This account was established by the Natural Sciences and Engineering Research Council Act (1978) to record monies, securities or other property received by way of gift, bequest or otherwise as approved by the Natural Sciences and Engineering Research Council. The account is charged with payments and with the disposal of such monies, securities or other property, subject to the terms upon which such monies are given, bequeathed or otherwise made available to the Council, and subject to the approval of the Council.

Sioux Lookout Zone Hospital

This account was established under the authority of section 21 of the *Financial Administration Act* to record transactions relating to a donation made by the Hospital for Sick Children Foundation to be used to finance a paediatric play program volunteer service at Sioux Lookout Zone Hospital.

National Battlefields Commission Trust Fund

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The moneys are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its Act of incorporation. Following the land acquisitions of the Commission, an amount of money remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

Medical Research Council — Donations for Research

This account was established under section 5(3) of the *Medical Research Council Act* to record donations and contributions received from organizations and individuals for biomedical research.

National Library—Special Operating Account

This account was established pursuant to section 14 of the *National Library Act*, which also directed that (a) the account be credited with all money received for the purpose of the National Library by way of donation, bequest or otherwise and (b) any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

National Round Table on the Environment and Economy

This account was established pursuant to section 21 of the *Financial Administration Act*, to record gifts and donations received from third parties, and expenses to finance various studies related to the principles of sustainable development in Canada and internationally.

National Archives of Canada Account

This account was established pursuant to section 10 of the *National Archives Act*, to record monies received for the purposes of the National Archives, by way of donations, bequest or otherwise. Amounts received for the purposes of the *National Archives Act* may be paid out of this account, or out of money appropriated by Parliament for such purposes.

Canadian Centre for Occupational Health and Safety—Donations

This account was established pursuant to section 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record moneys, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

Flight Recorder Software Systems Account

This account was established pursuant to section 21 of the *Financial Administration Act*, to record donations in the form of cash from other government safety organisations who have acquired a software system which was developed by the Canadian Transportation Accident Investigation and Safety Board for use in aircraft accident investigations for the purpose of advancing aviation safety.

Friends of Rideau Hall Account

This account was established pursuant to section 21 of the *Financial Administration Act*, to record gifts, donations or bequests to Rideau Hall from private organizations and individuals to fund Heritage project.

Fort Langley Legacy Foundation Donation

This account was established pursuant to section 21 of the *Financial Administration Act*, for the purpose of accepting donations from the Fort Langley Legacy Foundation towards the design, construction and furnishing of the cooperage at Fort Langley National Historic Site.

Supplementary Fines Fish Account

The account is established to record the deposit of monies received from persons declared guilty of offences under the Fisheries Act, and fined by courts under subsection 79.2 (f) of the Act.

Fines for the Transportation of Dangerous Goods

This account was established pursuant to the *Transportation of Dangerous Goods Act* 1992 and related regulations to record fines levied by courts.

Fish Habitat Restoration Account

This account was established pursuant to section 79(2) of the *Fisheries Act*, for a specified purpose; this purpose being: together with the "Fondation de la faune du Québec" and the Department of Leisure, Fish and Game of Quebec, the restoration of wildlife habitats, notably wetlands, water levels control, acquisition of shorelands, restoration of spawning grounds damaged by encroachment on the St. Lawrence River and release of trout and other fish species in these spawning grounds being restored.

Canadian Commercial Bank and Northland Bank Holdback Account

This account was established under section 21 of the *Financial Administration Act*, to record the amount held from the recovery of monies received from the winding up of Canadian Commercial Bank and Northland Bank.

During 1993-94, no claims have been received for potential payments from the holdback.

Seized Property Proceeds Account

The account was established pursuant to section 13 of the *Seized Property Management Act*, to record the net proceeds received from the disposition of seized properties or fines imposed and also monies received from the government of foreign states pursuant to agreements for the purpose of the Act. The Act also provides that the following be charged to the Account: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances.

Alexander Graham Bell National Historic Site

This account was established pursuant to section 21 of the *Financial Administration Act*, to accept donations from various companies of the Canadian telecommunications industry for the redevelopment of the Alexander Graham Bell National Historic Site. These donations will be used for the construction of facilities for disabled visitors in addition to improving the reception, orientation and special events services.

SUPPLEMENTARY STATEMENT

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The following financial statements have been prepared by Management of the Canada Employment and Immigration Commission in accordance with the accounting policies set out in Note 2 to the financial statements. The integrity and objectivity of the data and the estimates of importance in these financial statements are Management's responsibility. Management is also responsible for all other information in the departmental annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements of the Unemployment Insurance Account.

In support of its responsibility, Management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, and to ensure that transactions are in accordance with the *Unemployment Insurance Act* and Regulations, as well as the *Financial Administration Act* and Regulations.

The Unemployment Insurance Account's external auditor, the Auditor General of Canada, examines the operations and financial statements and reports to the Minister of Human Resources Development.

Jean-Jacques Noreau
Chairperson

W.E.R. Little
*Assistant Deputy Minister
Financial and Administrative Services*

May 31, 1994

AUDITOR'S REPORT

TO THE DESIGNATED MINISTER OF HUMAN RESOURCES
DEVELOPMENT

I have audited the balance sheet of the Unemployment Insurance Account as at December 31, 1993 and the statement of operations and deficit for the year then ended. These financial statements are the responsibility of the management of the Canada Employment and Immigration Commission. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Unemployment Insurance Account as at December 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 31, 1994

Canada Employment and Immigration Commission
relating to the Unemployment Insurance
Account—Continued

BALANCE SHEET AS AT DECEMBER 31, 1993
(in thousands of dollars)

ASSETS	1993	1992	LIABILITIES AND DEFICIT	1993	1992
Balance of the account with Receiver General for Canada	32,460	172,059	Unredeemed warrants	276,712	298,332
Premiums receivable	685,522	497,911	Amounts payable (Note 4)	141,610	181,413
Due from claimants (Note 3)	318,921	324,082	Accrued benefits payable	762,355	948,060
			Advances from Canada (Note 5)	5,740,213	4,241,963
				6,920,890	5,669,768
			Deficit	-5,883,987	-4,675,716
	1,036,903	994,052		1,036,903	994,052

The accompanying notes and schedule are an integral part of these financial statements.

Approved by the Commission:

JEAN-JACQUES NOREAU
Chairperson

W.E.R. LITTLE
Assistant Deputy Minister
Financial and Administrative Services

STATEMENT OF OPERATIONS AND DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1993
(in thousands of dollars)

	1993	1992
Revenue		
Premiums (Note 6)	18,468,522	17,884,911
Penalties	91,390	84,797
Interest on the balance of the account with Receiver General for Canada	2,506	435
	18,562,418	17,970,143
Expenses		
Benefits (Note 7 and Schedule of benefits)	17,972,128	19,110,313
Administration costs (Note 8)	1,293,612	1,227,408
Interest on advances from Canada	407,586	255,378
Doubtful debts	97,363	8,140
	19,770,689	20,601,239
Deficit for the year	-1,208,271	-2,631,096
Deficit at the beginning of the year	-4,675,716	-2,044,620
Deficit at the end of the year	-5,883,987	-4,675,716

The accompanying notes and schedule are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1993

1. Authority, objectives and responsibilities

The Canada Employment and Immigration Commission, a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Unemployment Insurance Act* (the Act). The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Unemployment Insurance Account.

The Unemployment Insurance Account was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account.

The Minister of National Revenue is responsible for collecting premiums from employers and employees. He is also responsible for administering and enforcing the provisions of the Act relating to benefit repayments to be received from higher income claimants. Under the terms of the Act, a claimant with higher income is one whose income exceeds 1.5 times the maximum yearly insurable earnings.

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Continued

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1993—Continued

2. Accounting policies

All financial transactions affecting the Unemployment Insurance Account are governed by the Act and/or Regulations.

a) Basis of accounting

Revenues and expenses are recorded on the accrual basis of accounting.

b) Premiums

The premiums are based on an estimate of the amount to be collected that relate to the year and include adjustments between actual and estimated premiums of previous years.

c) Benefits

This represents the benefits to be paid to the claimant for the period of unemployment during the year, less benefit overpayments established by the Commission during the year, and estimated benefit repayments to be received from higher income claimants.

d) Administration

The costs of administration of the Act are based on an estimate of actual costs incurred by the Commission during the year.

3. Due from claimants

	1993	1992
	(in thousands of dollars)	
Balance of benefit overpayments and penalties	461,882	380,672
Less: allowance for doubtful debts	169,789	100,404
	292,093	280,268
Estimated benefit repayments to be received from higher income claimants	26,828	43,814
	318,921	324,082

Uncollectable benefit overpayments and penalties written-off during the year amounted to \$28 million (\$17 million in 1992).

Continuous efforts have been made by the Commission in detecting overpayments and imposing penalties. During 1993, overpayments and penalties totalling \$466 million (\$450 million in 1992) were established. During the year, \$359 million have been recovered (\$332 million in 1992).

4. Amounts payable

	1993	1992
	(in thousands of dollars)	
To Canada		
Course and program costs and supplementary allowances	128,034	120,061
Tax deductions from warrants	8,990	43,022
Administration costs	-3,422	5,495
Recoupments from warrants	2,243	1,697
Interest on balance of the account with Receiver General for Canada		517
	135,845	170,792
To provinces		
Quebec tax deductions from warrants	3,298	10,030
Recoupments from warrants	2,467	591
	5,765	10,621
	141,610	181,413

5. Advances from Canada

Where the balance of the Account is insufficient for the payment of benefits and costs of administration of the Act, the Minister of Finance, when requested by the Commission, may authorize the advance of funds from the Consolidated Revenue Fund.

These advances are contracted by means of promissory notes which bear annual interest compounded semi-annually at rates varying from 5.15 per cent to 8.42 per cent. The balance as at December 31 consisted of:

	1993	1992
	(in thousands of dollars)	
Principal repayable in:		
1993		1,008,000
1994	2,740,000	2,975,000
1995	2,615,000	
	5,355,000	3,983,000
Accrued interest	385,213	258,963
	5,740,213	4,241,963

6. Premiums

In 1993, the premium rate for employees was \$3.00 per \$100 of insurable earnings (no change from 1992). The premium rate for employers, calculated at 1.4 times the employee rate, was \$4.20 per \$100 of an employee's insurable earnings.

Employers with qualified wage loss insurance plans are entitled to premium reductions. Employers are required to share this reduction with their employees. In 1993, the total amount of reductions is estimated at \$562 million (\$524 million in 1992).

**Canada Employment and Immigration Commission
relating to the Unemployment Insurance
Account—Continued**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1993—Concluded

7. Estimated overpayments and underpayments of benefits

The large number of claimants to be monitored, and the requirement for prompt service requires a selective rather than universal application of internal control procedures, and therefore, the verification of claims is mainly done after claimants have begun to receive benefits.

As a result, overpayments and underpayments of benefits exist, which the Commission estimated through statistical extrapolation, respectively at \$312 million and \$150 million (\$466 million and \$147 million in 1992).

8. Administration costs

ADMINISTRATION COSTS
(in thousands of dollars)

	1993	1992
Administration costs by activity		
Unemployment Insurance	540,427	513,326
Employment	273,390	269,172
Corporate management and administration	296,909	268,222
CEC management and joint services	160,374	151,098
Systems and procedures	28,927	31,372
Advisory Council	14	204
	1,300,041	1,233,394
Less: recovery of costs for maintaining the social insurance number registry and issuing replacement cards	6,429	5,986
	1,293,612	1,227,408

Administration costs—Related party transactions

The administration costs include \$113.5 million (\$100.6 million in 1992) paid to Public Works and Government Services Canada for accommodation and rental costs, and \$47.6 million (\$46.1 million in 1992) to Revenue Canada for collecting premiums from employers and employees.

In addition to those related party transactions disclosed elsewhere in these financial statements, the Account is related in terms of a component of the Government of Canada reporting entity to all departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of business.

9. Subsequent events

The February 1994 federal budget proposed several changes to the Act. These included mainly the number of weeks required to qualify for Unemployment Insurance benefits and the number of weeks for which claimants can collect benefits, and a two-level benefit rate.

The new benefit schedule places more emphasis on the length of work in determining the benefit period. The two-level benefit rate will provide enhanced income protection at 60 per cent of insured earnings to claimants with dependants and low insured earnings; all other claimants will receive 55 per cent of insured earnings.

Subject to Parliament approval, these changes will come into effect for new claims as of July 3, 1994. However, changes to the benefit schedule will be applied to claims which began on or after April 3, 1994.

10. Financial statement presentation

It is management's opinion that a statement of changes in financial position for the Account is not necessary since information concerning operating and financing activities, and their effects on cash resources, are readily apparent in the Statement of Operations and Deficit, and are adequately disclosed in the notes to the financial statements. Due to its nature, the Unemployment Insurance Account is not involved in investment activities.

For comparative purposes, some 1992 amounts have been reclassified to conform with the 1993 presentation.

**Canada Employment and Immigration Commission
relating to the Unemployment Insurance
Account—Concluded**

**SCHEDULE OF BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1993
(in thousands of dollars)**

	1993	1992
Benefits		
Regular	14,273,584	15,275,993
Maternity	795,861	829,892
Parental	486,561	491,673
Sickness	416,920	410,658
Fishing	257,061	290,861
Adoption	4,968	5,068
	<u>16,234,955</u>	<u>17,304,145</u>
Developmental Uses		
Programs		
Work sharing	51,691	112,737
Job creation	104,679	112,043
Training—Income support	926,595	978,330
Training—Course and program costs	489,407	520,113
Training—Supplementary allowances	81,748	93,642
Self-employment assistance—Income support	83,028	16,045
Self-employment assistance—Project costs	15,741	4,597
	<u>1,752,889</u>	<u>1,837,507</u>
Gross benefits	17,987,844	19,141,652
Less: benefit repayments by higher income claimants	15,716	31,339
	<u>17,972,128</u>	<u>19,110,313</u>

From January 1 to April 3, 1993, benefits paid represented the lesser of 60 per cent of maximum insurable earnings, or \$447 per week. As of April 4, 1993, the benefit rate was 57 per cent, for maximum weekly earnings of \$425. In 1992, the benefit rate was 60 per cent and maximum weekly earnings were \$426.

SECTION 6

1993-94

PUBLIC ACCOUNTS

Loans, Investments and Advances

CONTENTS

	Page
Enterprise Crown corporations	6.4
Summary financial statements of enterprise Crown corporations	6.12
Borrowings by agent enterprise Crown corporations	6.18
Borrowings by enterprise Crown corporations	6.19
Maturity and currency of borrowings by enterprise Crown corporations	6.19
Contingent liabilities of enterprise Crown corporations	6.20
Financial assistance under budgetary appropriations to enterprise Crown corporations	6.21
Other—	
Provincial and territorial governments	6.22
National governments including developing countries	6.27
International organizations	6.31
Joint and mixed enterprises	6.37
Miscellaneous loans, investments and advances	6.39
Allowance for valuation	6.46

NOTE TO READER

Major reorganizations were made to the structure and names of certain ministries in 1993-94. For details of these changes, please refer to the **Introduction** at the beginning of this volume.

LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada, acquired through the use of parliamentary appropriations. Some of these appropriations permit repayments to be used for further loans and advances. Many appropriations are non-lapsing, that is, unexpended balances may be carried forward from year to year. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II (Part I).

Loans, investments and advances are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Loans, investments and advances resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenue, while net losses are charged to budgetary expenditure of the Department of Finance.

The allowance established to reflect reductions from the recorded value to the estimated realizable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under section 63(2) of the *Financial Administration Act*.

Revenue received during the year on loans, investments and advances, is credited to return on investments; details are provided in Section 3 of this volume and in Section 12 of Volume II (Part II).

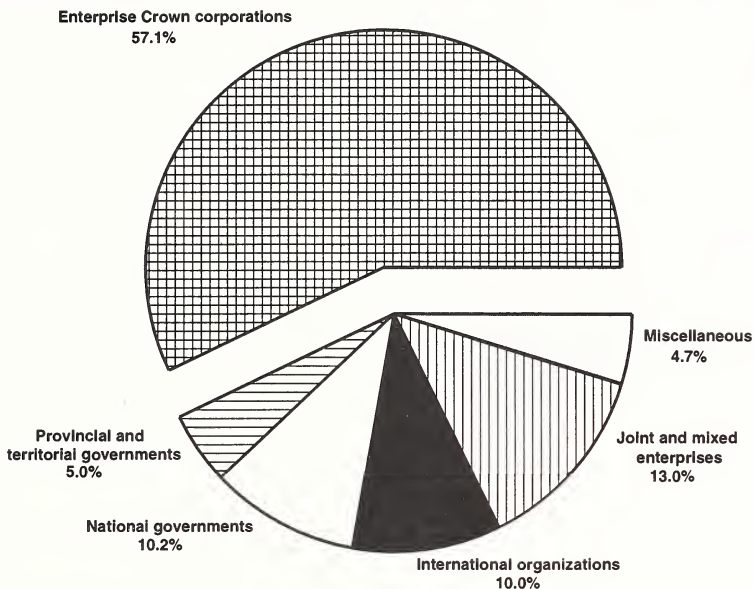
Table 6.1 presents the transactions and year-end balances of loans, investments and advances by category. Chart 6A presents the total loans, investments and advances by category for the current fiscal year, while Chart 6B compares the total loans, investments and advances for the last ten fiscal years.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

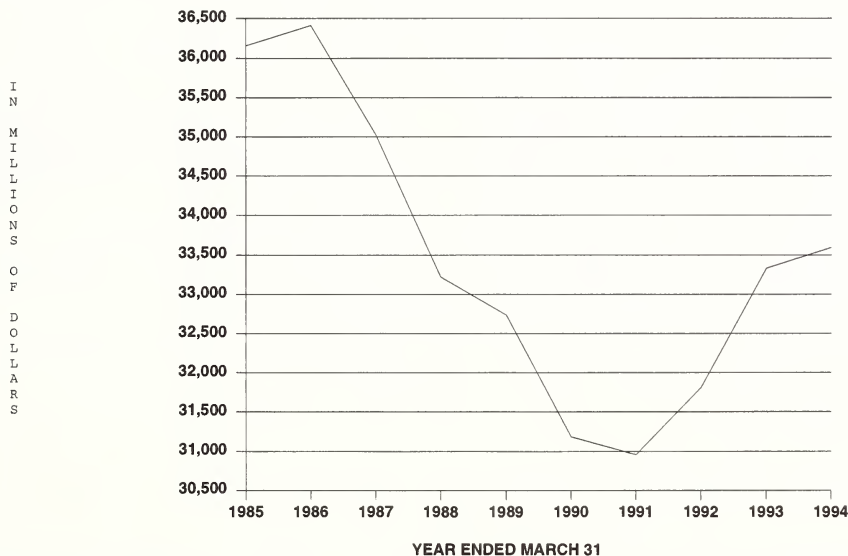
TABLE 6.1

LOANS, INVESTMENTS AND ADVANCES

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
	\$	\$	\$	\$
Enterprise Crown corporations, Table 6.2—				
Canada Deposit Insurance Corporation	3,084,999,618	1,230,000,000	1,163,999,618	3,151,000,000
Canada Mortgage and Housing Corporation	8,205,496,819	291,463,000	396,887,686	8,100,072,133
Canadian National Railway Company	2,395,883,851		17,391,129	2,378,492,722
Export Development Corporation	788,200,000	25,000,000		813,200,000
Farm Credit Corporation	3,538,323,142	828,103,373	759,969,725	3,606,456,790
Federal Business Development Bank	303,400,000			303,400,000
Other	1,220,352,485	239,678,000	624,509,104	835,521,381
	19,536,655,915	2,614,244,373	2,962,757,262	19,188,143,026
Less: allowance for valuation	6,065,000,000		435,000,000	6,500,000,000
Total enterprise Crown corporations	13,471,655,915	2,614,244,373	3,397,757,262	12,688,143,026
Other loans, investments and advances—				
Provincial and territorial governments, Table 6.11	1,490,350,795	777,832,528	601,882,673	1,666,300,650
National governments including developing countries, Table 6.12	3,382,352,738	561,746,385	510,156,752	3,433,942,371
International organizations, Table 6.13	5,436,031,197	728,883,234	474,283,758	5,690,630,673
Less: notes payables, Table 6.13	2,312,369,015	489,458,471	508,064,481	2,330,975,025
	3,123,662,182	1,218,341,705	982,348,239	3,359,655,648
Joint and mixed enterprises, Table 6.14—				
Petro-Canada	4,299,126,174			4,299,126,174
Other	74,290,400			74,290,400
	4,373,416,574			4,373,416,574
Miscellaneous loans, investments and advances, Table 6.15	1,423,030,782	1,774,219,821	1,623,967,716	1,573,282,887
	13,792,813,071	4,332,140,439	3,718,355,380	14,406,598,130
Less: allowance for valuation	9,240,000,000		260,000,000	9,500,000,000
Total other loans, investments and advances	4,552,813,071	4,332,140,439	3,978,355,380	4,906,598,130
Total	18,024,468,986	6,946,384,812	7,376,112,642	17,594,741,156

CHART 6A**LOANS, INVESTMENTS AND ADVANCES BY CATEGORY FOR 1993-94⁽¹⁾**

(1) Before the allowance for valuation

CHART 6B**LOANS, INVESTMENTS AND ADVANCES⁽¹⁾**

(1) Before the allowance for valuation

ENTERPRISE CROWN CORPORATIONS

Loans and advances to, and investments in, enterprise Crown corporations represent the balance of financial claims held by the Government against corporations for working capital, capital expenditure and other purposes, investment in the capital stock of corporations, and loans and advances to corporations for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries each of which is wholly-owned directly or indirectly by one or more parent Crown corporations.

Enterprise Crown corporations are defined as those corporate organizations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected corporations listed in Part I and all the corporations listed in Part II of Schedule III of the *Financial Administration Act*, the Bank of Canada and the Canadian Wheat Board.

An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs. Most of the enterprise Crown corporations listed in Schedule III to the *Financial Administration Act* are agents of Her Majesty in right of Canada. This status is granted in one of the following ways:

- (i) designation by Parliament, through a special act of incorporation;
- (ii) statutory authorization; or,
- (iii) proclamation by the *Government Corporations Operation Act*.

Financial statements of parent enterprise Crown corporations can be found in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada. The financial statements of wholly-owned subsidiaries of enterprise Crown corporations are also included in that report whenever their accounts are not consolidated with those of the parent corporation. These financial statements are appended to those of the related parent enterprise Crown corporation.

Table 6.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations.

TABLE 6.2

ENTERPRISE CROWN CORPORATIONS

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
Canada Deposit Insurance Corporation	3,084,999,618	1,230,000,000	1,163,999,618	3,151,000,000
Canada Mortgage and Housing Corporation—				
Capital stock	25,000,000			25,000,000
Housing	5,078,854,928		170,882,062	4,907,972,866
Real estate	204,754,486	148,463,000	39,511,958	313,705,528
Joint projects	1,657,547,435	143,000,000	125,671,012	1,674,876,423
Urban renewal scheme	3,230,964		1,189,493	2,041,471
Student housing projects	332,274,140		6,825,101	325,449,039
Sewage treatment projects	827,996,532		37,780,466	790,216,066
Ownership assistance	75,838,334		15,027,594	60,810,740
	8,205,496,819	291,463,000	396,887,686	8,100,072,133
Canadian National Railway Company—				
Capital stock	2,278,866,774			2,278,866,774
Consolidated loan	117,017,077		17,391,129	99,625,948
	2,395,883,851		17,391,129	2,378,492,722
Export Development Corporation	788,200,000	25,000,000		813,200,000
Farm Credit Corporation—				
Contributed capital	1,118,333,000			1,118,333,000
Notes	2,408,007,231	828,103,373	759,115,660	2,476,994,944
Farm syndicates loan fund	11,982,911		854,065	11,128,846
	3,538,323,142	828,103,373	759,969,725	3,606,456,790
Federal Business Development Bank	303,400,000			303,400,000
Other—				
Atomic Energy of Canada Limited—				
Capital stock	15,000,000			15,000,000
Contributed capital	149,159,473			149,159,473
Housing	1,721,520		478,716	1,242,804
Gentilly II nuclear power station	128,734,500		128,734,500	
Heavy water inventory	15,500,000		1,000,000	14,500,000
Lepreau nuclear station	256,727,274		256,727,274	
	566,842,767		386,940,490	179,902,277
Bank of Canada	5,920,000			5,920,000
Canada Development Investment Corporation	395,658,315			395,658,315
Canada Ports Corporation—				
Loans	645,212		64,168	581,044
Interport Loan Fund	50,000,000			50,000,000
	50,645,212		64,168	50,581,044
Canada Post Corporation	80,000,000			80,000,000
Canadian Dairy Commission	22,497,000	194,878,000	190,785,000	26,590,000
Canadian Saltfish Corporation	3,325,000	10,400,000	10,075,000	3,650,000
Cape Breton Development Corporation		10,000,000	5,000,000	5,000,000
Freshwater Fish Marketing Corporation	2,500,000	24,400,000	23,150,000	3,750,000
Montreal Port Corporation	5,180,753		518,764	4,661,989
Prince Rupert Port Corporation	16,547,339		365,597	16,181,742
Royal Canadian Mint—				
Capital stock	40,000,000			40,000,000
Loans	8,193,691		5,323,866	2,869,825
	48,193,691		5,323,866	42,869,825
Saint John Port Corporation	20,052,457		2,000,000	18,052,457
Vancouver Port Corporation	2,989,951		286,219	2,703,732
	1,220,352,485	239,678,000	624,509,104	835,521,381
Total	19,536,655,915	2,614,244,373	2,962,757,262	19,188,143,026

Canada Deposit Insurance Corporation

The Corporation was established by the *Canada Deposit Insurance Corporation Act*, to provide insurance, up to \$60,000 per depositor per institution, on deposits with federal member institutions and approved provincial institutions.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Section 42 of the *Canada Deposit Insurance Corporation Act* provides that the Minister of Finance, with the approval of the Governor in Council, may advance to the Corporation amounts by way of loans on such terms and conditions as the Governor in Council may determine. The aggregate of such loans authorized to be outstanding at any time is \$6,000,000,000.

The loans bear interest at rates from 4.140 percent to 7.49 percent per annum, and are repayable between July 6, 1994 and December 31, 1997.

During the year, the Corporation paid interest of \$189.4 million to the Government.

Canada Mortgage and Housing Corporation

The Corporation was established by the *Canada Mortgage and Housing Corporation Act*, to promote the construction of new houses, the repair and modernization of existing houses, the improvement of housing and living conditions in Canada, and to promote the development of communities through the provision of infrastructure facilities.

The Corporation is an agent of Her Majesty, reports through the Minister of Supply and Services, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$1,944.8 million from budgetary appropriations. It paid interest of \$719.3 million to the Government.

Capital stock

The Government's investment in the capital of the Corporation is authorized by section 16 of the *Canada Mortgage and Housing Corporation Act*.

Housing

Advances have been made to enable the Corporation to lend money under the following sections of the *National Housing Act*:

- (a) Section 24(1)—for rental housing projects on the security of a first mortgage and to sell or purchase loans made on rental housing projects;
- (b) Section 26(1)—to any person to assist in
 - (i) the construction, purchase or improvement of a low-rental housing project;
 - (ii) the purchase of existing buildings and the land upon which they are situated and their conversion into a low-rental housing project; or,
 - (iii) the conversion of existing buildings into a low-rental housing project;

(c) Section 27.5—to municipalities for selected neighbourhoods for the purpose of improving premises within the neighbourhood in respect of which the contribution is made;

(d) Section 51(1)—

- (i) to the owner of a family housing unit or of housing accommodation of the hostel or dormitory type for the purpose of assisting in the repair, rehabilitation or improvement thereof;
- (ii) to an occupier of a family housing unit for the purpose of assisting in the repair, rehabilitation or improvement thereof; or,
- (iii) to a non profit corporation for the purpose of assisting in the conversion of an existing residential building owned by the corporation, to a building containing a different number of family housing units, housing accommodation of the hostel or dormitory type or a different number of hostel or dormitory beds;

(e) Section 61(1)—to cooperatives for the purpose of assisting in the construction, acquisition or improvement of a housing project;

(f) Section 76(1)—to any person that wishes to undertake a project

- (i) for individuals or families of low income; or,
- (ii) to meet the needs of individuals resulting from age, infirmity or other disability;

(g) Section 80(1)—to provinces, municipalities or public housing agencies to assist in the acquisition and the servicing of land for housing purposes;

(h) Section 81(1)—to a province, municipality or public housing agency for the construction or acquisition of a public housing project;

(i) Section 97(1)—to persons to whom a loan is not being made available pursuant to Part I of section 24, the Corporation may make such a loan subject to the same terms, conditions and limitations that exist under Part I of section 24; and,

(j) Section 98—to Indians to assist in the purchase, improvement or construction of housing projects on Indian reserves.

The advances bear interest at rates from 3.5 percent to 16.0962 percent per annum, and are repayable over 1 to 50 years, with final instalments between June 30, 1994 and September 30, 2037.

Real estate

Section 92(1) of the *National Housing Act* authorizes advances to: (a) acquire land or housing projects by way of purchase, lease or otherwise; (b) install services in and effect improvements to or in respect of land acquired, and develop and lay out such land for housing purposes; (c) construct, convert or improve housing projects; and, (d) acquire building materials and equipment and other personal property for use in connection with housing projects.

The advances bear interest at rates from 2 percent to 15 percent per annum, and are repayable over 50 years, with the final instalment on December 31, 2036.

Joint projects

Section 79(1) of the *National Housing Act* authorizes advances to undertake projects jointly with the government of any province or any agency thereof, for (a) the acquisition and development of land for housing purposes or for any purpose incidental thereof; (b) the construction of housing projects or housing accommodation of the hostel or dormitory type for sale or for rent; and, (c) the acquisition, improvement and conversion of existing buildings for a housing project or for housing accommodation of the hostel or dormitory type.

The advances bear interest at rates from 3 percent to 17.9 percent per annum, and are repayable over 1 to 50 years, with final instalments between June 30, 1994 and September 30, 2038.

Urban renewal scheme

Advances have been made to enable the Corporation to lend money under section 25(1) of the *National Housing Act*, to a province or municipality, to assist in the implementation of an urban renewal scheme.

The advances bear interest at rates from 5.81 percent to 7.195 percent per annum, and are repayable over 15 to 50 years, with final instalments between June 30, 1994 and December 31, 1999.

Student housing projects

Advances have been made to enable the Corporation to lend money under section 88(1) of the *National Housing Act*, to a province or an agency thereof, a municipality or an agency thereof, or a hospital, school board, university, college, cooperative association or charitable corporation, to assist in (a) the construction, acquisition or improvement of a student housing project; (b) the acquisition of existing buildings and their conversion into a student housing project; or, (c) the conversion of existing buildings into a student housing project.

The advances bear interest at rates from 5 percent to 10.054 percent per annum, and are repayable over 20 to 50 years, with final instalments between June 30, 1994 and September 30, 2030.

Sewage treatment projects

Advances have been made to enable the Corporation to lend money under section 51 of the *National Housing Act*, to any province, municipality or municipal sewage corporation, to assist in the establishment or expansion of a sewage treatment project, and in the construction of a trunk storm sewer system.

The advances bear interest at rates from 5 percent to 10.376 percent per annum, and are repayable over 20 to 50 years, with final instalments between June 30, 1994 and December 31, 2023.

Ownership assistance

Advances have been made to enable the Corporation to lend money under sections 57(1) and 58(1) of the *National Housing Act*, to assist in (a) the construction of a house or a condominium unit by a person who owns the house or condominium unit and intends to occupy the house, one of the family housing units thereof or the condominium unit, or by a builder who intends to sell the house or condominium unit to a person who will own and occupy the house, one of the family housing units thereof or the condominium unit; or, (b) the acquisition of a house or condominium unit by a prospective qualified owner.

The advances bear interest at rates from 7.658 percent to 9.3889 percent per annum, and are repayable over 18 to 20 years, with final instalments between June 30, 1994 and December 31, 2008.

Canadian National Railway Company

The Corporation was established by the *Canadian National Railways Act*, to provide, operate and manage a national system of railways.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$4.3 million from budgetary appropriations. It paid interest of \$9.9 million to the Government in 1993-94.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Consolidated loan

The loan bears interest at the rate of 8.75 percent per annum, and is repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1998.

Export Development Corporation

The Corporation was established by the *Export Development Act*, to facilitate and develop export trade by the provision of loans, insurance, guarantees and other financial facilities.

The Corporation is an agent of Her Majesty, reports through the Minister for International Trade, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$172.5 million from budgetary appropriations.

The Government's investment in the capital of the Corporation, as authorized by section 11(1) of the *Export Development Act*, shall not exceed, at any time, \$1,500,000,000.

Farm Credit Corporation

The Corporation was established by the *Farm Credit Corporation Act*, to assist Canadian farmers to establish and develop sound farm enterprises through the use of long-term credit.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Contributed capital

The Government's contribution to the capital of the Corporation is authorized by section 11(1) of the *Farm Credit Corporation Act*.

Notes

Promissory notes are issued to the Minister of Finance in respect of loans made pursuant to section 12 of the Act, to provide the Corporation with funds for making loans to farmers. The total amount of such loans outstanding at any time may not exceed twelve times the capital of the Corporation.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 20 years, bearing interest at rates from 6 percent to 10.145 percent per annum, with final instalments between July 1, 1994 and July 1, 2000, \$385,212,917;
- (b) repayable over 10 to 19 years, bearing interest at rates from 8.37 percent to 10.145 percent per annum, with final instalments between January 1, 1995 and May 6, 2006, \$572,640,744;
- (c) repayable over 2 to 9 years, bearing interest at rates from 5.24 percent to 11.82 percent per annum, with the final instalment on June 1, 2002, \$1,334,141,283; and,
- (d) repayable in under 2 years, bearing interest at rates from 4.0706 percent to 4.5890 percent per annum, \$185,000,000.

During the year, the Corporation paid interest of \$209.9 million to the Government.

Farm syndicates loan fund

Advances have been made by the Minister of Finance, pursuant to section 8 of the *Farm Syndicates Credit Act*, to enable the Corporation to make loans. Section 3(1) of the Act allowed the Corporation to make loans to a farm syndicate for:

- (a) the purchase of farm machinery;
- (b) the purchase, erection or improvement of buildings; or,
- (c) the purchase or improvement of land on which buildings were or were to be erected for use primarily by the syndicate or its members, in their farming operations.

The Farm Syndicates Credit Act was repealed during the year. This account will remain open for repayments.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 10 to 19 years, bearing interest at the rate of 9.555 percent per annum, with final instalment on February 26, 2001, \$469,231; and,
- (b) repayable over 2 to 9 years, bearing interest at rates from 6.95 percent to 11.02 percent per annum, with final instalments between September 28, 1995 and March 1, 1999, \$10,659,615.

During the year, the Corporation paid interest of \$617,350 to the Government.

Federal Business Development Bank

The Corporation was established by the *Federal Business Development Bank Act*, to promote and assist in the establishment and development of business enterprises in Canada, by providing financial assistance, management counselling, management training, information and advice, and such other services as are ancillary or incidental to any of the foregoing.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, Science and Technology, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$15.1 million from budgetary appropriations.

The Government's contribution to the paid-in capital of the Corporation in the amount of \$590 million (of which \$286.6 million was charged to budgetary expenditure) is authorized by sections 20, 28 and 52 of the *Federal Business Development Bank Act*.

Atomic Energy of Canada Limited

The Corporation was incorporated pursuant to the *Canada Corporations Act*, and continued under the *Canada Business Corporations Act*, to develop the utilization of atomic energy for peaceful purposes.

The Corporation is an agent of Her Majesty, reports through the Minister of Energy, Mines and Resources, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$173.5 million from budgetary appropriations. It paid interest of \$85.6 million to the Government.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Contributed capital

The Government's contribution to the capital of the Corporation is recorded in this account.

Housing

Loans have been made to finance the construction of housing near the Whiteshell Nuclear Research Establishment.

The loans bear interest at rates from 5.25 percent to 8.5 percent per annum, and are repayable in equal monthly instalments over 30 years, with final instalments between January 31, 1995 and June 30, 2003.

Gentilly II nuclear power station

Loans have been made to finance a share in the construction of the CANDU-PHW 600 generating station at Gentilly, under an agreement with the Province of Quebec and Hydro-Quebec.

The consolidated loan was repaid in full during the year.

Heavy water inventory

Loans have been made to finance the production and purchase of heavy water for lease or resale to Canadian and foreign users.

The loans bear interest at the rate established every May 1 and November 1 by the Minister of Finance, in respect of borrowings having a six month term by Crown corporations. The loans are repayable in equal semi-annual instalments over 20 years, with the final instalment on May 1, 2008.

Lepreau nuclear station

Loans have been made to finance a share in the construction of the nuclear generating station at Lepreau.

The consolidated loan was repaid in full during the year.

Bank of Canada

The Bank of Canada was established by the *Bank of Canada Act*, to regulate credit and currency, in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit, and to mitigate, by its influence, fluctuations in the general levels of production, trade, prices and employment so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of Canada.

The Bank is not an agent of Her Majesty and reports through the Minister of Finance.

The Government's investment in the capital of the Bank is authorized by section 17 of the *Bank of Canada Act*. An amount of \$5,000,000 represents the par value of 100,000 shares, and the remaining balance of \$920,000 represents premiums paid in respect of the acquisition, in 1938, of shares held by the public.

During the year, the Bank remitted profit of \$1,452 million to the Government.

Canada Development Investment Corporation

The Corporation was incorporated pursuant to the *Canada Business Corporations Act*, to:

- (a) assist in the creation or development of businesses, resources, properties and industries of Canada;
- (b) expand, widen and develop opportunities for Canadians to participate in the economic development of Canada through the application of their skills and capital in any activities carried on by the Corporation;
- (c) invest in the shares or securities of any corporation owning property or carrying on business related to the economic interests of Canada;
- (d) invest in ventures or enterprises, including the acquisition of property, likely to benefit Canada; and,
- (e) carry out all activities in the best interests of Canada, operating in a commercial manner.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part II of Schedule III of the *Financial Administration Act*.

The Government's investment in the capital of the Corporation is recorded in this account. The balance in the account represents the value of 101 common shares of the Corporation without nominal or par value.

Canada Ports Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control Canadian harbours, and any other harbour, work or property of Canada transferred by the Governor in Council.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$0.7 million from budgetary appropriations.

Loans

Under the authority of the *Canada Ports Corporation Act*, loans are made to finance capital expenditures of various harbours under the jurisdiction of the Canada Ports Corporation.

The remaining loan to Belledune bears interest at a rate of 6.44 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

The Corporation paid interest of \$41,552 and dividends of \$355,052 to the Government in 1993-94.

Interport Loan Fund

This Fund was established to provide financing for financially viable capital projects of the Corporation and of the seven local port corporations.

The aggregate amount of loans authorized to be outstanding, at any time, is not to exceed \$50,000,000.

The Corporation will make annual repayments equal to 90 percent of the net income related to each of the loans advanced to the Interport Loan Fund.

The Corporation transferred \$6.3 million of profit to the Government in 1993-94.

Canada Post Corporation

The Corporation was established by the *Canada Post Corporation Act*, to make postal services available to the public.

The Corporation is an agent of Her Majesty, reports through the Minister of Supply and Services, and is listed in Part II of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$95.3 million from budgetary appropriations.

A loan has been made to the Corporation pursuant to section 29 of the *Canada Post Corporation Act*, to finance capital and extraordinary restructuring costs. The aggregate amount of loans to be outstanding at any time shall not exceed \$500,000,000.

The loan bears interest at the rate of 9.705 percent per annum, and is repayable on April 27, 1998.

The Corporation paid interest of \$7.8 million to the Government in 1993-94.

Canadian Dairy Commission

The Corporation was established by the *Canadian Dairy Commission Act*, to provide, to efficient producers of milk and cream, the opportunity of obtaining a fair return for their labour and investment, and to provide, to consumers of dairy products, a continuous and adequate supply of high quality dairy products.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$228.0 million from budgetary appropriations.

Loans have been made to the Corporation, to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is \$300,000,000.

The loans bear interest at rates from 3.7490 percent to 5.5133 percent per annum, and are repayable within 1 year.

The Corporation paid interest of \$1.3 million to the Government in 1993-94.

Canadian Saltfish Corporation

The Corporation was established by the *Saltfish Act*, to improve the earnings of primary producers of cured cod fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Loans have been made to the Corporation, pursuant to section 16 of the *Saltfish Act*, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$50,000,000.

The loan bears interest at the rate of 4.0944 percent per annum and is repayable on April 22, 1994.

During the year, the Corporation paid interest of \$123,699 to the Government.

Cape Breton Development Corporation

The Corporation was established by the *Cape Breton Development Corporation Act*, to stimulate economic adjustment and expansion on Cape Breton Island, while rationalizing the coal industry.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, Science and Technology, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation received financial assistance of \$38.5 million from budgetary appropriations.

Advances have been made for the purpose of providing working capital for the coal division of the Corporation. The total amount authorized to be outstanding at any time is \$50,000,000.

The working capital advances bear interest at the rate in effect, as published by the Department of Finance.

The Corporation paid interest of \$0.2 million to the Government in 1993-94.

Freshwater Fish Marketing Corporation

The Corporation was established by the *Freshwater Fish Marketing Act*, to regulate interprovincial and export trade in freshwater fish, and to market and trade in fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Loans have been made to the Corporation, pursuant to section 16 of the *Freshwater Fish Marketing Act*, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$30,000,000.

The loan bears interest at the rate of 3.9349 percent per annum, and is repayable no later than April 29, 1994.

During the year, the Corporation paid interest of \$73,293 to the Government.

Montreal Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Montreal.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Montreal.

The remaining loan bears interest at the rate of 6.25 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$323,797 and dividends of \$3.1 million to the Government.

Prince Rupert Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Prince Rupert.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Prince Rupert.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates of 9.57 percent to 9.63 percent per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2009, \$4,129,069; and,
- (b) bearing interest at the rate of 10.4 percent per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2010, \$12,052,673.

During the year, the Corporation paid interest of \$1.7 million to the Government.

Royal Canadian Mint

The Corporation was established by the *Royal Canadian Mint Act*, to:

- (a) produce and arrange for the production and supply of coins of the currency of Canada;
- (b) produce coins of the currency of other countries;
- (c) melt, assay, refine, buy and sell gold, silver and other metals for the account of Canada; and,
- (d) make medals, plaques and other things as are incidental to the powers of the Mint.

The Corporation is an agent of Her Majesty, reports through the Minister of Supply and Services, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Capital stock

Section 3.1(1) of the *Royal Canadian Mint Act* states that the authorized capital of the Mint is \$40,000,000, divided into four thousand shares of ten thousand dollars each. All authorized capital is issued.

Loans

Section 17(1) of the Act states that the Mint may borrow money from the Consolidated Revenue Fund or any other source but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed \$50,000,000.

Section 17(3) of the Act states that the Mint shall not borrow money without the approval of the Minister of Finance with respect to the time and the terms and conditions of the transaction.

The loans bear interest at rates from 8.25 percent to 12 percent per annum, and are repayable annually, with final instalments between April 1, 1995 and June 1, 1998.

During the year, the Corporation paid interest of \$0.6 million and dividends of \$6.3 million to the Government.

Saint John Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Saint John.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Saint John.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates from 11 percent to 11.875 percent per annum, repayable at maturity on December 31, 1998 and December 31, 1999, \$8,817,600;
- (b) bearing interest at the rate of 12.43 percent per annum, repayable at maturity on December 31, 2000, \$6,665,062; and,
- (c) bearing interest at the rate of 11.625 percent per annum, repayable at maturity on December 31, 2005, \$2,569,795.

During the year, the Corporation paid interest of \$1.4 million and cash contributions of \$0.8 million to the Government.

Vancouver Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Vancouver.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Vancouver.

The remaining loan bears interest at the rate of 7.5 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$224,246 and dividends of \$3 million to the Government.

Summary Financial Statements of Enterprise Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of enterprise Crown corporations.

Tables 6.3 to 6.5 present the assets, liabilities, revenues, expenses and changes to the equity of enterprise corporations grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part II of Schedule III of the *Financial Administration Act*.

For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation in accordance with its own respective accounting policies. Most Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges represent the unexpensed portion of non-financial assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Financial assets and liabilities in respect of the Government and Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from outside parties represent amounts repayable to institutional and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties, and Government and Crown corporations. Revenue and expenses are used to determine the net income or loss of the corporation. Adjustments include prior period adjustments and other miscellaneous items as recorded by the corporations. Equity transactions with the Government include dividends declared or transfers of profits to the Government as well as equity infusions provided by the Government.

These tables present consolidated financial information on parent enterprise Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. The President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Enterprise Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. The gross amounts of such borrowings are included under "Liabilities, Outside Parties". A summary of such borrowings and the changes during the year ended March 31, 1994 is presented in Table 6.6.

Borrowings by non-agent Crown corporations are not, in law, obligations of the Government. However, when the Government expressly guarantees such borrowings, they become potential obligations of the Government. Such guarantees amounted to \$0.1 million as at March 31, 1994.

A summary of borrowing transactions by non-agent enterprise Crown corporations is presented in Table 6.7. The maturity and currency of enterprise Crown corporations' borrowings is presented in Table 6.8. Contingent liabilities of enterprise Crown corporations are presented in Table 6.9.

A summary of financial assistance under Government budgetary appropriations to enterprise Crown corporations for the year ended March 31, 1994 is provided in Table 6.10. Differences in figures reported in Table 6.5 and those reported in Table 6.10 result from the use of different accounting policies and from items in transit.

TABLE 6.3

SUMMARY COMBINED FINANCIAL STATEMENTS OF ENTERPRISE CROWN CORPORATIONS BY SEGMENT
(in thousands of dollars)

	Competitive, self-sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
ASSETS AND LIABILITIES AND EQUITY						
AS AT MARCH 31, 1994						
Assets						
Financial						
Outside parties	2,157,518	1,453,618	28,068,543	7,949,374	60,975	39,690,028
Government and Crown corporations	764,613	26,375,723	1,657,959	37,040	49,835	28,885,170
Total financial assets	2,922,131	27,829,341	29,726,502	7,986,414	110,810	68,575,198
Physical assets and deferred charges	10,342,515	247,257	563,804	628,116	861,190	12,642,882
Total assets	13,264,646	28,076,598	30,290,306	8,614,530	972,000	81,218,080
Liabilities						
Outside parties						
Borrowings	3,453,093		12,831,779	7,288,903	1,927	23,575,702
Bank of Canada notes in circulation and amounts owing to depositors		25,513,873				25,513,873
Other liabilities	4,557,817	2,200,566	3,514,216	1,253,883	136,204	11,662,686
Government and Crown corporations	668,682	332,159	13,967,378	57,739	9,654	15,035,612
Total liabilities	8,679,592	28,046,598	30,313,373	8,600,525	147,785	75,787,873
Equity of Canada	4,585,054	30,000	-23,067	14,005	824,215	5,430,207
Total liabilities and equity	13,264,646	28,076,598	30,290,306	8,614,530	972,000	81,218,080
Contingent liabilities	236,535		283,832	6,800	7,990	535,157
REVENUES, EXPENSES AND CHANGES IN EQUITY						
FOR THE YEAR ENDED MARCH 31, 1994						
Revenues						
Outside parties	8,712,246		2,710,686	4,992,009	377,963	16,792,904
Government and Crown corporations						
Financial assistance	166,722		15,075	53,259	38,549	273,605
Other	818,614	1,657,631	258,882	2,982	8,290	2,746,399
Total revenues	9,697,582	1,657,631	2,984,643	5,048,250	424,802	19,812,908
Expenses						
Outside parties	9,596,296	205,700	2,003,392	5,039,164	399,835	17,244,387
Government and Crown corporations	563,291		1,089,462	8,944	21,578	1,683,275
Total expenses	10,159,587	205,700	3,092,854	5,048,108	421,413	18,927,662
Net income/loss(-) for the year	-462,005	1,451,931	-108,211	142	3,389	885,246
Equity of Canada, beginning of the year	4,620,042	30,000	67,898	13,863	809,223	5,541,026
Adjustments	255,444		-6,495		5,491	254,440
Equity transactions with the Government						
Dividends	-27,586	-1,451,931				-1,479,517
Capital	199,159		23,741		6,112	229,012
Equity of Canada, end of the year	4,585,054	30,000	-23,067	14,005	824,215	5,430,207

Notes to Table 6.4 are an integral part of this table.

TABLE 6.4

FINANCIAL POSITION OF ENTERPRISE CROWN CORPORATIONS —ASSETS AND LIABILITIES
AS AT MARCH 31, 1994
(in thousands of dollars)

	Assets			
	Financial		Physical assets and deferred charges	Total
	Outside parties	Government and Crown corporations		
Enterprise Crown corporations ⁽¹⁾				
Competitive, self-sustaining				
Atomic Energy of Canada Limited	270,837	21,637	555,954	848,428
Canada Development Investment Corporation ⁽²⁾	158,459	10,000	388	168,847
Theratronics International Limited	13,272		13,757	27,029
Canada Hibernia Holding Corporation	104,168			104,168
Canada Ports Corporation	6,960	128,260	106,870	242,090
Canada Post Corporation	391,581	107,739	2,113,517	2,612,837
Canadian National Railway System	854,524	114,018	6,711,812	7,680,354
Halifax Port Corporation	2,530	8,026	55,204	65,760
Montreal Port Corporation	10,893	51,387	161,985	224,265
Petro-Canada Limited	294,978	259,105		554,083
Port of Quebec Corporation	2,050	3,685	57,582	63,317
Prince Rupert Port Corporation	1,282	10,539	99,959	111,780
Royal Canadian Mint	20,609	2,471	69,729	92,809
Saint John Port Corporation	894	3,287	81,308	85,489
St John's Port Corporation	506	2,487	13,253	16,246
Teleglobe Canada ⁽³⁾				
Vancouver Port Corporation	23,975	41,972	301,197	367,144
<i>Total—Competitive, self-sustaining</i>	<i>2,157,518</i>	<i>764,613</i>	<i>10,342,515</i>	<i>13,264,646</i>
<i>Bank of Canada</i>	<i>1,453,618</i>	<i>26,375,723</i>	<i>247,257</i>	<i>28,076,598</i>
Lending and Insurance				
Canada Deposit Insurance Corporation	2,378,128	27	9,446	2,387,601
Canada Mortgage and Housing Corporation	9,622,846	245,204	61,319	9,929,369
Insurance Programs	337,681	1,285,044	247,438	1,870,163
Export Development Corporation	9,237,331	62,243	8,713	9,308,287
Farm Credit Corporation	3,479,002	65,335	229,276	3,773,613
Federal Business Development Bank	3,013,555	106	7,612	3,021,273
<i>Total—Lending and insurance</i>	<i>28,068,543</i>	<i>1,657,959</i>	<i>563,804</i>	<i>30,290,306</i>
Marketing				
Canadian Commercial Corporation	389,630	1,001		390,631
Canadian Dairy Commission				
Marketing operations	41,732	35,834	70,767	148,333
Canadian Saltfish Corporation	517	205	349	1,071
Canadian Wheat Board, The	7,513,074		545,780	8,058,854
Freshwater Fish Marketing Corporation	4,421		11,220	15,641
<i>Total—Marketing</i>	<i>7,949,374</i>	<i>37,040</i>	<i>628,116</i>	<i>8,614,530</i>
Other				
Atlantic Pilotage Authority	700		961	1,661
Cape Breton Development Corporation	35,666	9,249	335,011	379,926
Great Lakes Pilotage Authority, Ltd	12		57	69
Laurentian Pilotage Authority	2,946		438	3,384
Pacific Pilotage Authority	5,834		1,115	6,949
St. Lawrence Seaway Authority, The	14,161	40,583	523,026	577,770
Seaway International Bridge Corporation Ltd, The	1,656	3	582	2,241
<i>Total—Other</i>	<i>60,975</i>	<i>49,835</i>	<i>861,190</i>	<i>972,000</i>
Total—Enterprise	39,690,028	28,885,170	12,642,882	81,218,080

⁽¹⁾ All enterprise Crown corporations listed in this table are parent Crown corporations except the Seaway International Bridge Corporation Ltd, which is an unconsolidated subsidiary.

⁽²⁾ Canada Development Investment Corporation (CDIC): On March 22, 1993, CDIC acquired Canada Hibernia Holding Corporation (CHHC). CHHC's purpose is the funding and management of an 8.5% interest in the Hibernia Development project.

⁽³⁾ On April 4, 1987, the *Teleglobe Canada Reorganization and Divestiture Act* received Royal Assent pursuant to the letter of intent signed February 11, 1987 selling the assets of Teleglobe Canada to Memotec Data Inc. The Corporation was wound up during the year.

Liabilities					
Outside parties		Government and Crown corporations	Total liabilities	Equity of Canada	Total liabilities and equity
Borrowings	Other				
11,320	354,466	15,742	381,528	466,900	848,428
472,727	10,347	19,597	502,671	-333,824	168,847
	17,432		17,432	9,597	27,029
	10,225	44	10,269	93,899	104,168
	10,640	247,823	258,463	-16,373	242,090
198,994	1,174,935	172,019	1,545,948	1,066,889	2,612,837
2,249,119	2,863,900	152,920	5,265,939	2,414,415	7,680,354
	2,157	63	2,220	63,540	65,760
	13,136	5,018	18,154	206,111	224,265
501,237	52,523		553,760	323	554,083
	3,285	6,905	10,190	53,127	63,317
	2,018	16,182	18,200	93,580	111,780
	19,541	10,907	30,448	62,361	92,809
19,696	2,177	18,642	40,515	44,974	85,489
	652	60	712	15,534	16,246
	20,383	2,760	23,143	344,001	367,144
3,453,093	4,557,817	668,682	8,679,592	4,585,054	13,264,646
	27,714,439	332,159	28,046,598	30,000	28,076,598
	857,981	3,177,272	4,035,253	-1,647,652	2,387,601
1,573,225	86,988	8,218,643	9,878,856	50,513	9,929,369
	1,815,831	3,163	1,818,994	51,169	1,870,163
7,793,328	555,574	32,968	8,381,870	926,417	9,308,287
863,115	59,545	2,534,077	3,456,737	316,876	3,773,613
2,602,111	138,297	1,255	2,741,663	279,610	3,021,273
12,831,779	3,514,216	13,967,378	30,313,373	-23,067	30,290,306
	372,978	647	373,625	17,006	390,631
	121,703	26,630	148,333		148,333
	376	3,696	4,072	-3,001	1,071
7,282,827	749,761	26,266	8,058,854		8,058,854
6,076	9,065	500	15,641		15,641
7,288,903	1,253,883	57,739	8,600,525	14,005	8,614,530
440	1,333		1,773	-112	1,661
	101,497	8,051	109,548	270,378	379,926
	2,794		2,794	-2,725	69
1,479	4,003		5,482	-2,098	3,384
	2,259		2,259	4,690	6,949
	23,696		23,696	554,074	577,770
8	622	1,603	2,233	8	2,241
1,927	136,204	9,654	147,785	824,215	972,000
23,575,702	37,176,559	15,035,612	75,787,873	5,430,207	81,218,080

TABLE 6.5

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF ENTERPRISE CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1994
(in thousands of dollars)

	Revenues			
		Government and Crown corporations		
	Outside parties	Financial assistance ⁽¹⁾	Other	Total
Enterprise Crown corporations				
Competitive, self-sustaining				
Atomic Energy of Canada Limited	460,663	166,722	4,783	632,168
Canada Development Investment Corporation	7,106		605	7,711
Theratronics International Limited	51,315			51,315
Canada Hibernia Holding Corporation				
Canada Ports Corporation	57,433		4,561	61,994
Canada Post Corporation	3,889,482		228,466	4,117,948
Canadian National Railway System	3,759,131		509,512	4,268,643
Halifax Port Corporation	10,347		339	10,686
Montreal Port Corporation	53,324		9,425	62,749
Petro-Canada Limited	23,007		20,293	43,300
Port of Quebec Corporation	10,810		828	11,638
Prince Rupert Port Corporation	12,850		531	13,381
Royal Canadian Mint	303,884		35,970	339,854
Saint John Port Corporation	11,491		325	11,816
St John's Port Corporation	3,153		183	3,336
Teleglobe Canada				
Vancouver Port Corporation	58,250		2,793	61,043
Total—Competitive, self-sustaining	8,712,246	166,722	818,614	9,697,582
<i>Bank of Canada</i>			<i>1,657,631</i>	<i>1,657,631</i>
Lending and insurance				
Canada Deposit Insurance Corporation	403,516		3,135	406,651
Canada Mortgage and Housing Corporation	705,619		110,421	816,040
Insurance Programs	305,308		140,808	446,116
Export Development Corporation	662,035		4,518	666,553
Farm Credit Corporation	338,950			338,950
Federal Business Development Bank	295,258	15,075		310,333
Total—Lending and insurance	2,710,686	15,075	258,882	2,984,643
Marketing				
Canadian Commercial Corporation	882,115	13,763		895,878
Canadian Dairy Commission				
Marketing operations	269,915		2,843	272,758
Canadian Saltfish Corporation	986		139	1,125
Canadian Wheat Board, The	3,800,213	39,496		3,839,709
Freshwater Fish Marketing Corporation	38,780			38,780
Total—Marketing	4,992,009	53,259	2,982	5,048,250
Other				
Atlantic Pilotage Authority	6,909		25	6,934
Cape Breton Development Corporation	226,329	38,549	5,471	270,349
Great Lakes Pilotage Authority, Ltd	9,338			9,338
Laurentian Pilotage Authority	27,471			27,471
Pacific Pilotage Authority	30,531			30,531
St. Lawrence Seaway Authority, The	73,608		2,794	76,402
Seaway International Bridge Corporation Ltd, The	3,777			3,777
Total—Other	377,963	38,549	8,290	424,802
Total—Enterprise	16,792,904	273,605	2,746,399	19,812,908

Notes to Table 6.4 are an integral part of this table.

⁽¹⁾ This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$235,865 representing capital and operating appropriations received by the corporations is included in "Equity transactions with Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 6.10 because of differences resulting from the different accounting policies followed.

Expenses								
Outside parties	Government and Crown corporations	Total	Income/or loss(-)	Equity beginning of the year	Adjustments	Equity transactions with Government		Equity end of year
						Dividends	Capital	
768,084	2,804	770,888	-138,720	508,700	97,023		-103	466,900
41,690		41,690	-33,979	-491,894	158,432	-9,597	43,214	-333,824
49,300		49,300	2,015	7,582				9,597
163		163	-163				94,062	93,899
44,533	3,879	48,412	13,582	-29,599		-356		-16,373
3,963,321	425,016	4,388,337	-270,389	1,337,278				1,066,889
4,210,008	115,502	4,325,510	-56,867	2,471,282				2,414,415
9,539	754	10,293	393	63,147				63,540
46,037	4,696	50,733	12,016	197,202		-3,107		206,111
42,311		42,311	989	-666				323
13,051	1,189	14,240	-2,602	55,740	-11			53,127
11,647	1,687	13,334	47	93,533				93,580
337,360	730	338,090	1,764	71,897		-11,300		62,361
9,521	3,826	13,347	-1,531	46,505				44,974
2,282	576	2,858	478	15,056				15,534
				274		-274		
47,449	2,632	50,081	10,962	274,005		-2,952	61,986	344,001
9,596,296	563,291	10,159,587	-462,005	4,620,042	255,444	-27,586	199,159	4,585,054
205,700		205,700	1,451,931	30,000		-1,451,931		30,000
331,414	210,261	541,675	-135,024	-1,512,628				-1,647,652
246,261	568,007	814,268	1,772	50,000			-1,259	50,513
377,731	116,431	494,162	-48,046	105,710	-6,495			51,169
638,899	-12,992	625,907	40,646	860,771			25,000	926,417
104,843	205,797	310,640	28,310	288,566				316,876
304,244	1,958	306,202	4,131	275,479				279,610
2,003,392	1,089,462	3,092,854	-108,211	67,898	-6,495		23,741	-23,067
889,253	5,431	894,684	1,194	15,812				17,006
269,569	3,189	272,758						
1,945	232	2,177	-1,052	-1,949				-3,001
3,839,709		3,839,709						
38,688	92	38,780						
5,039,164	8,944	5,048,108	142	13,863				14,005
7,699	20	7,719	-785	371			302	-112
239,731	16,326	256,057	14,292	250,595	5,491			270,378
9,303		9,303	35	-2,917			157	-2,725
33,224		33,224	-5,753	-1,998			5,653	-2,098
30,926		30,926	-395	5,085				4,690
76,712	3,695	80,407	-4,005	558,079				554,074
2,240	1,537	3,777		8				8
399,835	21,578	421,413	3,389	809,223	5,491		6,112	824,215
17,244,387	1,683,275	18,927,662	885,246	5,541,026	254,440	-1,479,517	229,012	5,430,207

Borrowings by Agent Enterprise Crown Corporations

Table 6.6 summarizes the borrowing transactions by agent enterprise Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that "An annual statement of all borrowing transactions on behalf of Her Majesty shall be included in the Public Accounts". The borrowings are from other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the accounts of Canada net of borrowings expected to be repaid directly by these corporations. As at March 31, 1994, an allowance for borrowings expected to be repaid by the Government was established at \$3,885 million.

Borrowings by non-agent enterprise Crown corporations are not included in this table because such borrowings are not on behalf of Her Majesty. Table 6.7 provides information on borrowings of such corporations.

TABLE 6.6

BORROWINGS BY AGENT ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1993	Borrowings and other credits	Repayments and other charges	Balance March 31/1994
Atomic Energy of Canada Limited	13,600	1,020	3,300	11,320
Canada Development Investment Corporation	593,752		121,025	472,727
Canada Mortgage and Housing Corporation	152,295	5,758,570	4,337,640	1,573,225
Canada Ports Corporation	188,455		188,455	
Canada Post Corporation	55,000	143,994		198,994
Canadian Saltfish Corporation	41	570	611	
Canadian Wheat Board, The	6,966,428	38,545,317	38,228,918	7,282,827
Export Development Corporation	6,983,010	105,802,772	104,992,454	7,793,328
Farm Credit Corporation	797,317	1,429,574	1,363,776	863,115
Federal Business Development Bank	2,351,861	6,658,207	6,407,957	2,602,111
Freshwater Fish Marketing Corporation	5,673	486	83	6,076
Petro-Canada Limited	455,413	45,824		501,237
Saint John Port Corporation	19,696			19,696
Seaway International Bridge Corporation, Ltd., The	8			8
Total	18,582,549	158,386,334	155,644,219	21,324,664
Borrowings expected to be repaid by agent enterprise Crown corporations	-15,022,549	158,386,334	155,319,219	-17,439,664
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government and reported on the Statement of Assets and Liabilities	3,560,000		-325,000	3,885,000

Notes to Table 6.4 are an integral part of this table.

Borrowings by Enterprise Crown Corporations

Table 6.7 summarizes the borrowing transactions of agent and non-agent enterprise Crown corporations. Borrowings of non-agent Crown corporations are not on behalf of Her Majesty.

TABLE 6.7

BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1993	Borrowings and other credits	Repayments and other charges	Balance March 31/1994
Borrowings by agent enterprise Crown corporations	18,582,549	158,386,334	155,644,219	21,324,664
Borrowings by non-agent enterprise Crown corporations--				
Atlantic Pilotage Authority		440		440
Canadian National Railway System	1,905,135	965,751	621,767	2,249,119
Laurentian Pilotage Authority	1,307	172		1,479
	1,906,442	966,363	621,767	2,251,038
Total	20,488,991	159,352,697	156,265,986	23,575,702

Notes to Table 6.4 are an integral part of this table.

Maturity and Currency of Borrowings by Enterprise Crown Corporations

Table 6.8 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations, as at March 31, 1994.

TABLE 6.8

MATURITY AND CURRENCY OF BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
1995	12,215,403	44,104	12,259,507
1996	787,824	191,692	979,516
1997	1,617,187	222,179	1,839,366
1998	2,463,649	323,070	2,786,719
1999	1,175,341		1,175,341
2000/2004	2,107,183	731,066	2,838,249
2005/2009	28,560	530,323	558,883
2010 and after	929,517	208,604	1,138,121
Total	21,324,664	2,251,038	23,575,702 ⁽¹⁾

Notes to Table 6.4 are an integral part of this table.

⁽¹⁾ The borrowings are composed of \$14,315,160 US, £ 72,535 SF, 39,892 , ¥ 315,522 , Austl \$45,588 , Italian (Lira) 14,281 , DM 391,085, ECU 293,517 , and \$8,088,122 Cdn.

Contingent Liabilities of Enterprise Crown Corporations

Table 6.9 summarizes the contingent liabilities of enterprise Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 6.9

CONTINGENT LIABILITIES OF ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	March 31, 1994
<u>Agent enterprise Crown corporations</u>	
Canada Mortgage and Housing Corporation—Insulation claims and other litigation	52,700
Canada Mortgage and Housing Corporation—Insurance programs	29,400
Canada Ports Corporation—Miscellaneous litigation	2,539
Canadian Commercial Corporation—Contract damages	6,800
Cape Breton Development Corporation—Miscellaneous litigation	1,500
Export Development Corporation—Loan guarantees and with recourse, Insurance act	200,384
Federal Business Development Bank—Loan guarantees	1,348
Halifax Port Corporation—Miscellaneous litigation	2,000
Montreal Port Corporation—Miscellaneous litigation	3,900
Petro-Canada Limited—Loan guarantee	125,000
Port of Quebec Corporation—Miscellaneous litigation	5,932
St John's Port Corporation—Miscellaneous litigation	364
St Lawrence Seaway Authority—Claims for damages	63,500
Vancouver Port Corporation—Claims for damages	33,300
	528,667
<u>Non-agent enterprise Crown corporations</u>	
Laurentian Pilotage Authority—Miscellaneous litigation	6,490
Total	535,157

Notes to Table 6.4 are an integral part of this table.

Financial Assistance Under Budgetary Appropriations to Enterprise Crown Corporations

Table 6.10 summarizes financial assistance under budgetary appropriations for both agent and non-agent enterprise Crown corporations. It should be read in conjunction with Table 6.5. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 6.10

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO ENTERPRISE CROWN CORPORATIONS

FOR THE YEAR ENDED MARCH 31, 1994

(in thousands of dollars)

	Financial assistance under budgetary appropriations ⁽¹⁾	Purpose	
		Operations	Capital expenditures
<u>Agent enterprise Crown corporations</u>			
Atomic Energy of Canada Limited	173,549	173,549	
Canada Ports Corporation	660	660	
Canada Post Corporation	95,300 ⁽²⁾	95,300	
Canadian Commercial Corporation	13,763	13,763	
Canadian Dairy Commission	2,967	2,967	
Canadian Wheat Board, The	39,496	39,496	
Cape Breton Development Corporation	38,549	38,549	
Export Development Corporation	172,549 ⁽³⁾	172,549	
Federal Business Development Bank	15,075	15,075	
	551,908	551,908	
<u>Non-agent enterprise Crown corporations</u>			
Atlantic Pilotage Authority	620	620	
Canadian National Railway System	4,316	4,316	
Great Lakes Pilotage Limited	648	648	
Laurentian Pilotage Authority	5,997	5,997	
	11,581	11,581	
Total	563,489	563,489	

⁽¹⁾ Excludes grants and contributions paid to agent and non-agent enterprise Crown corporations where they qualify as members of a general class of recipients.

⁽²⁾ Includes payment of \$81,300 for costs associated with cultural publication mailings.

⁽³⁾ Payment made pursuant to section 32 of the *Export Development Act* concerning the concessional (Canada Account) loans.

PROVINCIAL AND TERRITORIAL GOVERNMENTS

This category records loans to provinces and territories made under relief acts and other legislation.

Table 6.11 presents a summary of the balances and transactions for the various types of loans and advances that have been

made to provincial and territorial governments as well as the balances of the Provincial Tax Collection Agreements Account. Details of the Provincial Tax Collection Agreements Account can be found in Section 7 of this volume, Table 7.15.

TABLE 6.11

PROVINCIAL AND TERRITORIAL GOVERNMENTS

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
	\$	\$	\$	\$
NEWFOUNDLAND—				
Atlantic Canada Opportunities Agency— Special areas and highways agreement	15,360,055		3,563,729	11,796,326
Finance—				
Federal-provincial fiscal arrange- ments	70,904,000	18,201,245	39,718,000	49,387,245
Municipal Development and Loan Board	3,682,428		262,239	3,420,189
Winter capital projects fund	6,845,570		31,156	6,814,414
	81,431,998	18,201,245	40,011,395	59,621,848
Industry, Science and Technology—				
Atlantic Development Board carry-over projects	683,822		60,182	623,640
Atlantic Provinces Power Development Act	60,571,051		3,119,208	57,451,843
	61,254,873		3,179,390	58,075,483
Total Newfoundland	158,046,926	18,201,245	46,754,514	129,493,657
NOVA SCOTIA—				
Atlantic Canada Opportunities Agency— Special areas and highways agreement	6,673,874		1,922,567	4,751,307
Energy, Mines and Resources— Regional electrical intercon- nections	2,266,787		2,266,787	
Finance—				
Federal-provincial employment loans program	46,212		46,212	
Federal-provincial fiscal arrange- ments	103,117,000	62,744,678	25,543,000	140,318,678
Municipal Development and Loan Board	637,016		111,733	525,283
Winter capital projects fund	1,703,692		519,820	1,183,872
	105,503,920	62,744,678	26,220,765	142,027,833
Industry, Science and Technology—				
Atlantic Development Board carry-over projects	2,636,659		251,213	2,385,446
Atlantic Provinces Power Development Act	26,586,482		2,538,728	24,047,754
	29,223,141		2,789,941	26,433,200
Total Nova Scotia	143,667,722	62,744,678	33,200,060	173,212,340
PRINCE EDWARD ISLAND—				
Atlantic Canada Opportunities Agency— Comprehensive development plan agreement	8,367,462		300,393	8,067,069
Finance—				
Federal-provincial employment loans program	48,240		26,472	21,768
Federal-provincial fiscal arrange- ments	29,383,000	6,755,500	6,228,429	29,910,071
Municipal Development and Loan Board	485,450		39,265	446,185
Winter capital projects fund	595,856		89,639	506,217
	30,512,546	6,755,500	6,383,805	30,884,241
Industry, Science and Technology—				
Atlantic Development Board carry-over projects	13,809		1,906	11,903
Total Prince Edward Island	38,893,817	6,755,500	6,686,104	38,963,213

TABLE 6.11

PROVINCIAL AND TERRITORIAL GOVERNMENTS—Continued

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
	\$	\$	\$	\$
NEW BRUNSWICK—				
Atlantic Canada Opportunities Agency— Special areas and highways agreement	20,299,732		3,463,381	16,836,351
Energy, Mines and Resources— Regional electrical intercon- nections	4,293,622		100,405	4,193,217
Finance— Federal-provincial employment loans program	4,733,287		4,733,287	
Federal-provincial fiscal arrange- ments	2,394,000	14,971,500	2,394,000	14,971,500
Municipal Development and Loan Board	2,210,607		144,497	2,066,110
Winter capital projects fund	8,704,066		134,904	8,569,162
	18,041,960	14,971,500	7,406,688	25,606,772
Industry, Science and Technology— Atlantic Development Board carry-over projects	521,323		59,327	461,996
Atlantic Provinces Power Development Act	26,873,021		2,707,580	24,165,441
	27,394,344		2,766,907	24,627,437
Total New Brunswick	70,029,658	14,971,500	13,737,381	71,263,777
QUEBEC—				
Finance— Federal Office of Regional Development-Quebec— Special areas and highways agreement	49,453,232		19,046,276	30,406,956
Federal-provincial fiscal arrange- ments	237,850,000	17,255,000	7,744,000	247,361,000
Municipal Development and Loan Board	29,916,218		2,681,963	27,234,255
Total Quebec	317,219,450	17,255,000	29,472,239	305,002,211
ONTARIO—				
Finance— Federal-provincial employment loans program	2,527,051		1,220,915	1,306,136
Municipal Development and Loan Board	4,037,363		1,361,482	2,675,881
Winter capital projects fund	13,457,871		2,944,354	10,513,517
Total Ontario	20,022,285		5,526,751	14,495,534
MANITOBA—				
Agriculture— Agricultural service centres	3,291,978		3,286,915	5,063
Finance— Federal-provincial fiscal arrange- ments	193,685,843	77,557,000	39,445,075	231,797,768
Municipal Development and Loan Board	806,889		143,415	663,474
Winter capital projects fund	1,275,681		216,215	1,059,466
	195,768,413	77,557,000	39,804,705	233,520,708
Western Economic Diversification— Special areas and highways agreement	1,196,426		321,658	874,768
Total Manitoba	200,256,817	77,557,000	43,413,278	234,400,539
SASKATCHEWAN—				
Agriculture— Agricultural service centres	3,332,832		518,803	2,814,029
Finance— Federal-provincial employment loans program	114,287		115,606	-1,319
Federal-provincial fiscal arrange- ments	120,228,000	25,355,830	13,787,000	131,796,830
Municipal Development and Loan Board	135,795		25,324	110,471
	120,478,082	25,355,830	13,927,930	131,905,982
Total Saskatchewan	123,810,914	25,355,830	14,446,733	134,720,011

TABLE 6.11

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Concluded*

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
	\$	\$	\$	\$
ALBERTA—				
Finance—				
Federal-provincial employment loans program	9,083		9,083	
Municipal Development and Loan Board	1,040,702		118,493	922,209
Winter capital projects fund	999,485		549,272	450,213
	2,049,270		676,848	1,372,422
Western Economic Diversification—				
Special areas and highways agreement	1,038,520		275,393	763,127
Total Alberta	3,087,790		952,241	2,135,549
BRITISH COLUMBIA—				
Finance—				
Federal-provincial employment loans program	1,463,645		1,463,645	
Municipal Development and Loan Board	1,500,683		209,955	1,290,728
Winter capital projects fund	5,578,032		1,464,143	4,113,889
Total British Columbia	8,542,360		3,137,743	5,404,617
NORTHWEST TERRITORIES—				
Finance—				
Federal-provincial employment loans program	2,640		2,802	-162
Winter capital projects fund	112,500		25,178	87,322
	115,140		27,980	87,160
Indian Affairs and Northern Development—				
Government of the Northwest Territories	63,991		31,813	32,178
Total Northwest Territories	179,131		59,793	119,338
YUKON TERRITORY—				
Indian Affairs and Northern Development—				
Government of the Yukon Territory	2,738,104		729,377	2,008,727
Yukon Territory small business loans	89,362			89,362
Total Yukon Territory	2,827,466		729,377	2,098,089
Subtotal	1,086,584,336	222,840,753	198,116,214	1,111,308,875
Provincial Tax Collection Agreements Account ⁽¹⁾	403,766,459	554,991,775	403,766,459	554,991,775
Total	1,490,350,795	777,832,528	601,882,673	1,666,300,650

⁽¹⁾ The Provincial Tax Collection Agreements Account is a specified purpose account usually reported as a liability on the Statement of Assets and Liabilities. Since both the opening and closing balances of this account are in a debit position, the Account is reported as an asset. Further details are provided in Table 7.15 (Section 7 of this volume).

Special areas and highways agreement—Atlantic Canada Opportunities Agency

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 6.3519 percent to 9.5757 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1994 and April 1, 2005.

Federal-provincial fiscal arrangements

These amounts represent overpayments in respect of provincial equalization entitlements under the *Constitution Acts 1867 to 1982, the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act*, and other statutory authority. These overpayments are non-interest bearing and are recovered in the subsequent year.

Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25 percent to 5.625 percent per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years, with final instalments between February 1, 1995 and March 31, 2016.

Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.2 percent to 9.77 percent per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity, with final repayments between May 3, 1994 and February 28, 1999.

Atlantic Development Board carry-over projects

Loans have been made to finance certain water projects that were carried over from the Atlantic Development Board.

The loans bear interest at rates from 7.5 percent to 8.5 percent per annum, and are repayable over 5 to 12 years at various anniversary amortization dates, with final instalments between July 31, 1999 and April 1, 2006.

Atlantic Provinces Power Development Act

Loans have been made to the Atlantic provinces, to assist in the generation of electrical energy by steam driven generators in the provinces, and in the control and transmission of electric energy.

The loans bear interest at rates from 4.5 percent to 8.5 percent per annum, and are repayable in equal annual instalments over the next 20 years, with final instalments due between March 31, 1995 and March 31, 2014.

Regional electrical interconnections

Loans have been made to assist in financing regional electrical interconnections, under agreements between the Government of Canada and the Provinces of Manitoba, New Brunswick and Nova Scotia.

The remaining unpaid loans, to the Province of New Brunswick, bear interest at 9.35 percent per annum, and are repayable in annual instalments over 31 years, with final instalments on March 31, 2011.

Federal-provincial employment loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 6.98 percent to 7.22 percent per annum, and are repayable either in annual instalments over 10 to 20 years, or at maturity, with final repayments between October 1, 1994 and November 30, 1994.

Comprehensive development plan agreement

Loans have been made to the Province of Prince Edward Island, to assist in financing the realization of a comprehensive and co-ordinated development plan of the province, pursuant to an agreement with the province, whose territory has been designated a "special rural development area".

The loans bear interest at rates from 6.688 percent to 9.375 percent per annum, and are repayable in equal instalments due at various anniversary dates, with final instalments by March 31, 2005.

Special areas and highways agreement—Federal Office of Regional Development-Quebec

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 5.768 percent to 10.164 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1994 and March 31, 2009.

Agricultural service centres

Loans have been made to provincial and municipal authorities, to assist in the construction or expansion of water supply and waste disposal facilities in key agriculture service centres, which are essential to rural adjustment and urban development in the agricultural portion of the Prairie region.

The loans bear interest at rates from 8.6179 percent to 13.4765 percent per annum, and are repayable in equal annual instalments over 20 years, with final instalments between March 31, 1995 and March 31, 2004.

Special areas and highways agreement—Western Economic Diversification

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 7.1689 percent to 9.9448 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1994 and April 1, 1999.

Government of the Northwest Territories

Loans have been made to the Government of the Northwest Territories, for the following purposes:

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
	\$	\$	\$	\$
Second mortgage . .	49,370		17,192	32,178
Low cost housing . .	14,621		14,621	
	63,991		31,813	32,178

The loans bear interest at rate of 8.875 percent per annum, and are repayable in equal annual instalments over 20 years, with final instalment on August 27, 1997.

Government of the Yukon Territory

Loans have been made to the Government of the Yukon Territory, for the following purposes:

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
	\$	\$	\$	\$
Second mortgage . . .	24,753		2,585	22,168
Low cost housing . .	75,094		39,927	35,167
Capital expenditures	502,914		56,305	446,609
Outside parties—				
Capital projects . .	2,135,343		630,560	1,504,783
	2,738,104		729,377	2,008,727

The loans bear interest at rates from 5.375 percent to 11.375 percent per annum, and are repayable in equal annual instalments over 15 to 35 years, with final instalments between July 3, 1994 and November 24, 2003.

Yukon Territory small business loans

Loans have been made for the establishment or expansion of small businesses in the Yukon Territory.

The total amount authorized to be outstanding at any time is \$5,000,000.

The loans bore interest at rates from 9 percent to 12 percent per annum, and were repayable in annual instalments over 10 years, with the final instalment on April 1, 1988. As of March 31, 1994, the loans have not been reimbursed in full.

The outstanding loans will be written-off in 1994-95 as these balances are considered uncollectable.

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

Loans to national governments consist mainly of the loan to the government of the United Kingdom under the *United Kingdom Financial Agreement Act, 1946*, international development assistance to developing countries, and loans for development of export trade (administered by the Export Development Corporation).

Table 6.12 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

TABLE 6.12

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
	\$	\$	\$	\$
External Affairs—				
Development of export trade (loans administered by the Export Development Corporation)	968,194,622	556,465,101	407,620,910	1,117,038,813
Developing countries—Canadian International Development Agency—International development assistance	1,968,194,007	5,105,222	70,305,099	1,902,994,130
Finance—				
China	49,426,118			49,426,118
Jamaica	25,000,000			25,000,000
United Kingdom—				
The United Kingdom Financial Agreement Act, 1946	276,263,711		32,184,980	244,078,731
Deferred principal	94,990,863			94,990,863
	371,254,574		32,184,980	339,069,594
National Defence—				
North Atlantic Treaty Organization—Damage claims recoverable	283,417	176,062	45,763	413,716
Total	3,382,352,738	561,746,385	510,156,752	3,433,942,371

Development of export trade

Pursuant to section 31 of the *Export Development Act*, the Governor in Council may authorize the Corporation to make loans to foreign customers where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Prior to April 1, 1987, these loans were authorized under non-budgetary authority. Since April 1, 1987, interest-free or low interest bearing loans are made under budgetary authority because of their concessional nature. Any similar loans that were issued prior to April 1, 1987 are fully provided for in the allowance for valuation of assets.

The following table presents the balances and transactions for the loans made to national governments, together with their terms and conditions of repayments. The subtotal of budgetary loans includes total payments for concessional loans under both budgetary and non-budgetary authorities. Loans made under budgetary authority are deducted as a lump sum amount under the caption "budgetary treatment".

	Payments and other charges		Receipts and other credits		March 31/1994
	April 1/1993	Payments	Revaluation	Receipts or other credits ⁽¹⁾	
				Revaluation	
	\$	\$	\$	\$	\$
NON-BUDGETARY LOANS—					
(a) 1 to 5 year term, 3.45 percent (libor) to 11 percent interest per annum, with final repayments due between May 1988 and November 1997:					
Ethiopia	124,758				
Latvia	9,999,854			2,499,963	7,499,891
Peru	1,036,324				1,036,324
Russia and USSR	97,532,276	23,234,062	10,015,604		130,781,942
Sudan	8,185,413		911,732		9,097,145
Ukraine	42,574,927	8,748,439	4,394,995	7,191,688	48,526,673
	159,453,552	31,982,501	15,322,331	9,691,651	196,941,975
(b) 6 to 10 year term, 3.45 percent (libor) to 10.5 percent interest per annum, with final repayments between July 2000 and March 2007:					
Argentina	115,823,148	17,657,920			130,617,911
Cameroun	7,368,743	4,243,187	4,902,700		16,514,630
Chile	2,187,834		347,053	440,607	2,094,280
Ecuador	12,061,363		921,849	1,799,379	11,183,833
Egypt	7,535,408		719,011	659,785	7,594,634
Gabon	15,389,530	5,496,732	1,885,023		22,771,285
Jamaica	26,859,446		4,083,604	5,747,901	25,195,149
Kazakhstan	1,353,442	16,289,349	626,667	285,435	17,984,023
Kenya		12,723,157	483,910		13,207,067
Korea	73,419,712			65,086,379	8,333,333
Morocco	161,996,817		17,263,889		187,705,374
Romania	115,157,247	89,388,643	16,831,003		221,376,893
Rwanda	5,646,465		561,730		6,208,195
Turkey	6,530,606		192,779	6,723,385	
	551,329,761	154,243,656	48,819,218	80,742,871	670,786,607
(c) 11 to 15 year term, 3.45 percent (libor) to 11.5 percent interest per annum, with final repayments between July 1996 and January 2007:					
Brazil	12,603,377		1,113,210	147,806	13,568,781
(d) 16 to 20 year term, 0 percent to 3.5 percent interest per annum, with final repayments between March 2005 and June 2012:					
Mexico	9,136,813			935,780	8,029,543
Total—Non-budgetary	732,523,503	186,226,157	65,254,759	91,518,108	889,326,906
BUDGETARY LOANS ⁽²⁾ —					
(a) 1 to 15 year term, 2 percent to 8 percent interest per annum, with final repayments between May 1988 and June 2012:					
Argentina	47,465,000			8,630,000	38,835,000
Egypt	23,512,589		6,192,186	8,831,187	20,873,588
Madagascar	23,731,565		1,059,944		24,791,509
Poland	72,699,435		5,783,190		78,482,625
Tanzania	35,038,270		14,953,988		49,992,258
Zambia	9,473,858		647,337		10,121,195
	211,920,717		28,636,645	17,461,187	223,096,175
(b) 16 to 20 year term, 0 percent to 3.5 percent interest per annum, with final repayments between March 2005 and June 2012:					
Mexico	23,750,402		3,946,948	892,314	26,805,036
Thailand	34,523,579				31,456,450
	58,273,981		3,946,948	892,314	58,261,486
(c) 21 to 25 year term, 0.5 percent to 3.5 percent interest per annum, with final repayments between June 2014 and April 2018:					
Algeria	12,911,437	104,728			13,016,165
Congo	3,408,723		557,515		3,966,238
Indonesia	34,677,882	3,646,817	5,541,787		43,866,486
	50,998,042	3,751,545	6,099,302		60,848,889

	Payments and other charges			Receipts and other credits		March 31/1994
	April 1/1993	Payments	Revaluation	Receipts or other credits ⁽¹⁾	Revaluation	
	\$	\$	\$	\$	\$	\$
(d) 31 to 55 year term, 0 percent interest per annum, with final repayment in July 2042:						
Cameroun	22,269,476				1,900,888	20,368,588
China	295,154,848	85,975,554	53,777,170			434,907,572
Egypt	13,503,523		701,996			14,205,519
Gabon	9,038,659	1,562,503	1,431,912			12,033,074
India	49,376,879	6,179,538	7,937,272			63,493,689
Kenya	8,826,187	1,050,057	1,193,789			11,070,033
Morocco	118,412,321	3,848,247	18,253,512			140,514,080
Pakistan	8,593,516	46,841	1,403,489			10,043,846
Thailand		1,717,779				1,717,779
Turkey	48,034,470	57,046,273	8,165,018			113,245,761
	573,209,879	157,426,792	92,864,158		1,900,888	821,599,941
Insurance claims paid during year:						
Cuba		12,258,795				12,258,795
Subtotal—Budgetary	894,402,619	173,437,132	131,547,053	18,353,501	4,968,017	1,176,065,286
Less: budgetary treatment	658,731,500			289,621,879		948,353,379
Total—Budgetary	235,671,119	173,437,132	131,547,053	307,975,380	4,968,017	227,711,907
Total	968,194,622	359,663,289	196,801,812	399,493,488	8,127,422	1,117,038,813
SUMMARY						
Total—Non-budgetary	732,523,503	186,226,157	65,254,759	91,518,108	3,159,405	889,326,906
Total—Budgetary	894,402,619	173,437,132	131,547,053	18,353,501	4,968,017	1,176,065,286
Grand total	1,626,926,122	359,663,289	196,801,812	109,871,609	8,127,422	2,065,392,192
Less: budgetary treatment	658,731,500			289,621,879		948,353,379
Total	968,194,622	359,663,289	196,801,812	399,493,488	8,127,422	1,117,038,813

⁽¹⁾ Receipts or other credits may include transactions such as repayments, forgiveness, etc.

⁽²⁾ All non-budgetary loans made prior to April 1, 1987 and fully provided for in the allowance for valuation of assets are included with budgetary loans in this table.

Developing countries—International development assistance

Interest-free or low interest bearing loans have been made through the Canadian International Development Agency to developing countries for international development assistance. Prior to April 1, 1986, these loans were authorized by miscellaneous non-budgetary authorities. Any balances still outstanding at March 31, 1986 have been fully provided for in the allowance for valuation of assets. Loan payments after March 31, 1986 have been made under various budgetary authorities.

During the year, loans totalling \$6,644,515 were forgiven under the authority of External Affairs Vote 26b, *Appropriation Act No. 3, 1993-94*.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments. The subtotal of loans to individual countries includes, where applicable, total payments made under both budgetary and non-budgetary authorities. Payments made under budgetary authority to all countries are deducted as a lump sum amount under the caption "budgetary treatment".

All loans have been made in Canadian dollars and are therefore not subject to revaluations for foreign exchange fluctuations.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment Facility, and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

	April 1/1993	Payments and other charges	Receipts and other credits ⁽¹⁾	March 31/1994
	\$	\$	\$	\$
(a) 10 year term, 1 year grace period, 5 percent interest per annum, with final repayments between January 2002 and July 2002:				
Egypt	59,594,033			59,594,033
(b) 20 year term, 5 year grace period, 5 percent interest per annum, with final repayments between September 2000 and March 2001:				
Turkey	14,780,987		2,064,224	12,716,763
(c) 30 year term, 7 year grace period, 3 percent interest per annum, with final repayments between September 1996 and January 2012:				
Brazil	9,237,271		656,986	8,580,285
Chile	1,005,799		182,860	822,939
Colombia	12,431,651		2,088,755	10,342,896
Cuba	9,547,012			9,547,012
Dominican Republic	1,671,635		48,006	1,623,629
Korea	195,504		65,185	130,319
Malaysia	6,931,743		997,030	5,934,713
Peru	337,617			337,617
Salvador, El	7,650,001		1,759,649	5,890,352
Turkey	5,129,348		428,261	4,701,087
	54,137,581		6,226,732	47,910,849
(d) 35 year term, 5 year grace period, non-interest bearing, with final repayments between April 2001 and November 2005:				
Salvador, El	1,757,188		171,949	1,585,239
(e) 40 year term, 10 year grace period, non-interest bearing, with the final repayment in March 2007:				
Thailand	461,654		33,334	428,320
(f) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria	13,220,392		433,519	12,786,873
Argentina	457,333		18,666	438,667
Bolivia	1,229,457		42,395	1,187,062
Brazil	554,224		20,913	533,311
Myanmar (Burma)	8,306,202			8,306,202
Chile	2,470,172		98,062	2,372,110
Colombia	15,768,345		1,101,217	14,667,128
Costa Rica	23,118,847		35,743	23,083,104
Dominican Republic	7,388,919		236,036	7,152,883
Ecuador	8,768,989		304,919	8,464,070
Guatemala	3,787,603		451,980	3,335,623
Honduras	33,015,261		1,650,763	31,364,498
India	624,979,927		18,391,836	606,588,091
Indonesia	252,731,685		5,712,216	247,019,469
Malaysia	2,373,749		9,907	2,363,842
Malta	774,980		25,000	749,980
Mexico	67,898		2,771	65,127
Morocco	14,691,199			14,691,199
Nicaragua	18,072,020		248,750	17,823,270
Pakistan	534,171,867		22,961,531	511,210,336
Paraguay	469,910		19,997	449,913
Peru	22,514,950		3,729	22,511,221
Philippines	3,649,235		166,977	3,482,258
Salvador, El	1,125,000		258,772	866,228
Sri Lanka	148,655,674		4,225,399	144,430,275
Thailand	30,647,041		847,119	29,799,922
Tunisia	104,515,501		3,295,550	101,219,951
	1,877,526,380		60,563,767	1,816,962,613
(g) 53 year term, 13 year grace period, non-interest bearing, with the final repayment in September 2025:				
Algeria	37,975,286		1,245,093	36,730,193
Subtotal	2,046,233,109		70,305,099	1,975,928,010
Less: budgetary treatment	78,039,102	5,105,222		72,933,880
Total	1,968,194,007	5,105,222	70,305,099	1,902,994,130

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

⁽¹⁾ Receipts and other credits may include transactions such as repayments, forgiveness, etc.

China

A loan to China was authorized under the *Export Credits Insurance Act*.

Jamaica

A loan has been made to the Government of Jamaica, to provide economic assistance.

The loan agreement has been amended by the following Rescheduling Agreements:

- (a) the Rescheduling Agreement dated October 18, 1985, provided for the deferment of the principal repayment in the amount of \$5,000,000 due on August 9, 1985;
- (b) the Rescheduling Agreement dated June 4, 1987, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1986 and August 9, 1987; and,
- (c) the Rescheduling Agreement dated July 25, 1989, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1988 and August 9, 1989.

United Kingdom

The United Kingdom Financial Agreement Act, 1946

Under authority of the *United Kingdom Financial Agreement Act, 1946*, a credit of \$1,250,000,000 was extended by the Government of Canada to the government of the United Kingdom to facilitate purchases by the United Kingdom of goods and services in Canada and to assist the government of the United Kingdom in meeting transitional post-war deficits in its current balance of payments, in maintaining adequate reserves of gold and dollars, and in assuming the obligations of multilateral trade. The amount of the credit drawn by December 31, 1951 was to be repaid in 50 annual instalments beginning on that date, with interest at the rate of 2 percent per annum, with the final instalment on December 31, 2000.

Deferred principal

The agreement, as amended in 1957, provides for the deferment of interest in respect of the year 1956 and of seven instalments of principal and interest after December 31, 1956, under certain conditions. Interest for 1956, and interest and principal for 1957, 1964, 1965, 1968 and 1976 were deferred. The maturity of the deferrals is to commence December 31, 2001, and continue until December 31, 2006.

North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

INTERNATIONAL ORGANIZATIONS

This group records Canada's subscriptions to the share capital of international banks and associations. It also includes loans and advances to other international organizations. Table 6.13 groups these subscriptions, loans and advances according to whether they are treated as a non-budgetary asset, or else as a charge to budgetary expenditure.

Canada subscribes to the share capital of a number of international banks and associations, in some cases providing both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investments but are repayable on termination of the organization or withdrawal from it.

Paid-in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to the terms of agreements reached between the organization and the participating countries. Canada's subscriptions to the paid-in capital of these organizations are reported in Table 6.13 as a non-budgetary asset.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. They represent a contingent liability of the Government, and are listed with other contingent liabilities related to international organizations in Table 11.14 (Section 11 of this volume).

The major portion of loans and advances to international organizations is given budgetary treatment, since they are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans and advances for concessionary lending made since April 1, 1986 are charged directly to budgetary appropriations, and are therefore deducted from the asset values at the end of Table 6.13 under the caption "budgetary treatment". Similar loans and advances made prior to April 1, 1986 were authorized by non-budgetary authorities, but are fully provided for in the allowance for valuation of assets.

Table 6.13 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. Table 11.15 (Section 11 of this volume) presents additional information on contingent liabilities and commitments for international organizations that are disclosed in the notes to the audited financial statements in Section 1 of this volume.

TABLE 6.13

INTERNATIONAL ORGANIZATIONS

	April 1/1993	Payments and other charges		Receipts and other credits		March 31/1994
		Participation, note encashments or other charges	Revaluation	Reimbursements, note issuances or other credits	Revaluation	
	\$	\$	\$	\$	\$	\$
NON-BUDGETARY SHARE CAPITAL, LOANS AND ADVANCES						
Canada's subscriptions to the capital of the—						
African Development Bank	90,432,459		3,166,669			93,599,128
Asian Development Bank	164,109,721		13,179,372			177,289,093
Caribbean Development Bank	16,380,590	1,095,410	1,569,734			19,045,734
Less: notes payable	1,981,953			547,705		2,529,658
	14,398,637	1,095,410	1,569,734	547,705		16,516,076
European Bank for Reconstruction and Development	59,922,229	30,130,144	8,758,597			98,810,970
Less: notes payable	9,987,038	10,169,558		15,065,072	1,585,943	16,468,495
	49,935,191	40,299,702	8,758,597	15,065,072	1,585,943	82,342,475
Inter-American Development Bank	181,805,744	9,460,144	18,611,493			209,877,381
Less: notes payable	24,148,059	11,197,912		9,460,145		22,410,292
	157,657,685	20,658,056	18,611,493	9,460,145		187,467,089
International Bank for Reconstruction and Development (World Bank)	377,803,766	1,232,217	14,237,598			393,273,581
International Finance Corporation	66,762,166	9,358,994	7,057,627			83,178,787
Multilateral Investment Guarantee Agency	8,074,863		802,033			8,876,896
Less: notes payable	4,037,431				401,016	4,438,447
	4,037,432		802,033		401,016	4,438,449
Common Fund for Commodities	3,452,430			3,452,430		
	928,589,487	72,644,379	67,383,123	28,525,352	1,986,959	1,038,104,678
Loans and advances to the—						
International Monetary Fund—						
Enhanced Structural Adjustment Facility	116,211,417	72,736,287	16,992,261			205,939,965
International organizations and associations—						
Berne Union of the World Intellectual Property						
Organization	15,846	2,595				18,441
Customs Co-operation Council	6,093	381				6,474
Food and Agriculture Organization	1,104,142	111,099				1,215,241
General Agreement on Tariffs and Trade	15,716	1,580				17,296
Intergovernmental Maritime Consultative						
Organization	1,752	176				1,928
International Atomic Energy Agency	309,635	47,761				357,396
International Civil Aviation Organization	82,544	43,217				125,761
International Labour Organization	79,476	7,997				87,473
Paris Union of the World Intellectual Property						
Organization	75,884	12,428				88,312
United Nations Educational, Scientific and Cultural						
Organization	861,894	89,696				951,590
United Nations Industrial Development						
Organization	355,285	35,749				391,034
United Nations organizations	3,759,817	378,314				4,138,131
World Health Organization	177,010	17,811				194,821
	6,845,094	748,804				7,593,898
Total—Non-budgetary	1,051,645,998	146,129,470	84,375,384	28,525,352	1,986,959	1,251,638,541
SUMMARY—NON-BUDGETARY						
Participation	1,091,800,479	124,762,000	84,375,384	3,452,430		1,297,485,433
Less: notes payable	40,154,481	21,367,470		25,072,922	1,986,959	45,846,892
Total—Non-budgetary	1,051,645,998	146,129,470	84,375,384	28,525,352	1,986,959	1,251,638,541

TABLE 6.13

INTERNATIONAL ORGANIZATIONS—*Concluded*

	Payments and other charges			Receipts and other credits		March 31/1994
	April 1/1993	Participation, note encashments or other charges	Revaluation	Reimbursements, note issuances or other credits	Revaluation	
	\$	\$	\$	\$	\$	\$
BUDGETARY LOANS AND ADVANCES ⁽¹⁾						
Global Environment Facility	6,666,667	3,333,333				10,000,000
Less: notes payable	4,666,667	1,800,000		3,333,333		6,200,000
	2,000,000	5,133,333		3,333,333		3,800,000
International Development Association	4,123,758,061	276,333,333				4,400,091,394
Less: notes payable	1,020,202,700	297,891,000		276,333,333		998,645,033
	3,103,555,361	574,224,333		276,333,333		3,401,446,361
International financial institutions—						
African Development Bank	3,468,896			125,000		3,343,896
African Development Fund	1,043,857,507	108,891,667	9,374,993			1,162,124,167
Less: notes payable	551,486,734	119,905,659		108,891,667		540,472,742
	492,370,773	228,797,326	9,374,993	108,891,667		621,651,425
Andean Development Corporation	3,812,566			125,000		3,687,566
Asian Development Bank—Special	27,027,000					27,027,000
Asian Development Fund	1,223,184,043	86,659,767				1,309,843,810
Less: notes payable	588,806,005	32,759,873		86,659,767		642,705,899
	634,378,038	119,419,640		86,659,767		667,137,911
Caribbean Development Bank— Agricultural Development Fund	8,600,000					8,600,000
Caribbean Development Bank— Commonwealth Caribbean Regional	5,034,000		500,000			5,534,000
Caribbean Development Bank—Special	95,779,050	5,786,500	1,568,750			103,134,300
Less: notes payable	33,371,016	3,388,697		5,786,500		35,768,819
	62,408,034	9,175,197	1,568,750	5,786,500		67,365,481
Central American Bank for Economic Integration	1,874,279			76,500		1,797,779
Inter-American Development Bank—Fund for Special Operations	310,815,031	2,413,828	21,012,500			334,241,359
Less: notes payable	37,692,740	7,842,001				29,850,739
	273,122,291	10,255,829	21,012,500			304,390,620
International Bank for Reconstruction and Development	25,170,000		2,500,000			27,670,000
International Fund for Agriculture Development	90,207,432					90,207,432
Less: notes payable	35,988,672	4,503,771				31,484,901
	54,218,760	4,503,771				58,722,531
International Monetary Fund	13,805,031		1,371,179			15,176,210
	1,605,289,668	372,151,763	36,327,422	201,664,434		1,812,104,419
Subtotal—Budgetary	4,710,845,029	951,509,429	36,327,422	481,331,100		5,217,350,780
Less: budgetary treatment	2,638,828,845			470,504,828		3,109,333,673
Total—Budgetary	2,072,016,184	951,509,429	36,327,422	951,835,928		2,108,017,107
SUMMARY—BUDGETARY						
Participation	6,983,059,563	483,418,428	36,327,422	326,500		7,502,478,913
Less: notes payable	2,272,214,534	468,091,001		481,004,600		2,285,128,133
	4,710,845,029	951,509,429	36,327,422	481,331,100		5,217,350,780
budgetary treatment	2,638,828,845			470,504,828		3,109,333,673
Total—Budgetary	2,072,016,184	951,509,429	36,327,422	951,835,928		2,108,017,107
GENERAL SUMMARY						
Participation	8,074,860,042	608,180,428	120,702,806	3,778,930		8,799,964,346
Less: budgetary treatment	2,638,828,845			470,504,828		3,109,333,673
Subtotal	5,436,031,197	608,180,428	120,702,806	474,283,758		5,690,630,673
Less: notes payable	2,312,369,015	489,458,471		506,077,522	1,986,959	2,330,975,025
Total	3,123,662,182	1,097,638,899	120,702,806	980,361,280	1,986,959	3,359,655,648

⁽¹⁾ Non-budgetary loans and advances made prior to April 1, 1986 and fully provided for in the allowance for valuation of assets are included with budgetary loans and advances in this table.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including External Affairs Vote L35, *Appropriation Acts No. 1 and No. 2, 1993-94*).

At year-end, authority had been granted for subscriptions of 6,300 paid-in shares and 44,100 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1994, Canada's participation to the paid-in capital is \$93,599,128 Cdn for 6,300 paid-in shares. Of these paid-in shares, 2,100 were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3835 Cdn). During the year, transactions involving paid-in shares included only an adjustment to revalue amounts subscribed in foreign currencies. No encashment and no additional subscription was made.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$175,651,308 Cdn and \$380,000,250 US for a total value of \$701,381,634 Cdn.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including External Affairs Vote L35, *Appropriation Acts No. 1 and No. 2, 1993-94*).

At year-end, authority had been granted for subscriptions of 11,110 paid-in shares and 81,433 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1994, Canada's participation to the paid-in capital is \$177,289,093 Cdn for 11,110 paid-in shares. Of these paid-in shares, 8,740 were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3835 Cdn). During the year, transactions involving paid-in shares included only an adjustment to revalue amounts subscribed in foreign currencies. No encashment and no additional subscription was made.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$439,147,591 US and \$596,976,219 Cdn for a total value of \$1,204,536,910 Cdn.

Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including External Affairs Vote L35, *Appropriation Acts No. 1 and No. 2, 1993-94*).

At year-end, authority had been granted for subscriptions of 2,278 paid-in shares and 8,124 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed. As at March 31, 1994, 139 authorized paid-in shares had not been acquired. It is planned that this subscription will be completed in 1994-95.

As at March 31, 1994, Canada's participation to the paid-in capital is \$19,045,734 Cdn for 2,139 paid-in shares. These shares were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3835 Cdn). During the year, transactions involving paid-in shares included additional subscriptions made through non-interest bearing notes and in cash. As well, an adjustment was made at year-end to revalue amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$49,001,856 US for a total value of \$67,794,067 Cdn.

European Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development (EBRD), as authorized by the *European Bank for Reconstruction and Development Bank Act*, and various appropriation acts.

At year-end, Canada has subscribed to 34,000 shares, which are being paid over a five-year period starting in 1991, with the paid-in portion accounted for as a proportion of each share. Payments are made using cash and notes payable that are later encashed.

The total value of these shares is \$396,783,400 US, of which 30 per cent is to be paid-in over a five-year period. The rest is subject to call by the Bank under certain circumstances. As at March 31, 1994, Canada has paid \$71,421,012 US and has outstanding notes payable of \$11,903,502 US. These foreign currency balances were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3835 Cdn).

During the year, transactions involving the paid-in portion included subscriptions in cash and through demand notes, encashments of previous notes payable and revaluation adjustments.

Canada's contingent liability for the callable portion of its shares is \$277,748,380 US.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including External Affairs Vote L35, *Appropriation Acts No. 1 and No. 2, 1993-94*).

At year-end, authority had been granted for subscriptions of 12,382 paid-in shares and 208,776 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1994, Canada's participation to the paid-in capital is \$209,877,381 Cdn for 12,382 paid-in shares. These shares were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3835 Cdn). During the year, transactions involving paid-in shares included additional subscriptions made through the issuance of non-interest bearing notes, and the encashment of previous notes payable. As well, an adjustment was made at year-end to revalue amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$2,518,554,662 US for a total value of \$3,484,420,374 Cdn.

International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development (IBRD), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote L10, *Appropriation Acts No. 1 and No. 2, 1993-94*).

As at March 31, 1994, Canada has subscribed to 44,795 shares, with the paid-in portion accounted for as a proportion of each share. The total value of these shares is \$5,403,844,825 US of which \$114,341,194 US plus \$235,082,539 Cdn has been paid-in. The remaining portion is callable. The foreign portion of the payments was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3835 Cdn). During the year, transactions involving the paid-in portion included additional subscriptions in cash and a revaluation adjustment.

The callable portion is subject to call by the Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$5,069 million US. All shares have been subscribed.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation (IFC), which is part of the World Bank Group, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote L10, *Appropriation Acts No. 1 and No. 2, 1993-94*).

As at March 31, 1994, Canada has subscribed to 60,122 shares of the IFC. These shares have a total value of \$60,122,000 US, all of which has been paid-in. The paid-in amounts were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3835 Cdn).

During the year, transactions involving paid-in shares included subscriptions in cash and a revaluation adjustment. Under the 1991 General Capital Increase, Canada plans to subscribe to an additional 21,219 shares over the next 4 years evaluated at \$21 million US, which represents a commitment.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 1994, Canada has subscribed to 2,965 shares, with the paid-in portion accounted for as a proportion of each share. Paid-in shares are purchased using cash and notes payable that are later encashed.

The total value of these shares is \$32,081,300 US, of which \$6,416,260 US is paid-in and the remaining portion is callable. These foreign currency balances were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3835 Cdn).

During the year, the only transactions involving the paid-in portion were revaluation adjustments.

The callable portion is subject to call by the Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$25,665,040 US.

Common Fund for Commodities

This account was established by External Affairs Vote L47b, *Appropriation Act No. 3, 1980-81*, to make payments and issue guarantees and promissory notes in the current and subsequent fiscal years to purchase shares in the first account of the Common Fund for Commodities in accordance with the terms and conditions of the agreement establishing the Common Fund of Commodities.

Canada withdrew its membership in the Common Fund for Commodities (CFC) effective June 9, 1993. Canada's payment to the Fund has been reimbursed and as well Common Fund for Commodities returned two promissory notes to the Bank of Canada.

International Monetary Fund—Enhanced Structural Adjustment Facility

This account records the loan to the International Monetary Fund in order to provide assistance to debt distressed, low-income countries as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 1994, Canada has lent SDR 105,376,250 to the Enhanced Structural Adjustment Facility. This amount was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR/\$1.95433 Cdn). During the year, transactions included a loan in cash and a revaluation adjustment.

Canada has also made budgetary contributions towards an interest subsidy amounting to SDR 19,700,000, which do not appear in Table 6.13.

International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

Global Environment Facility

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. Advances to the Global Environment Facility (GEF) are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included advances made through the issuance of notes payable, as well as the encashment of previous notes payable.

As at March 31, 1994, advances to the GEF amounted to \$10,000,000 Cdn. Outstanding notes payable amounted to \$6,200,000 Cdn.

International Development Association

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote L15, *Appropriation Acts No.1 and No.2, 1993-94*). The contributions and subscriptions to the Association, which is part of the World Bank Group, are used to lend funds to developing countries for development purposes, at rates highly favourable to the borrower (no interest, with a 50 year maturity and 10 years of grace). Contributions and subscriptions to IDA are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included participation through the issuance of notes payable, as well as the encashment of previous notes payable.

As at March 31, 1994, Canada's total participation to IDA amounted to \$4,400,091,394 Cdn. Outstanding notes payable amount to \$998,645,033 Cdn. It should be noted that subscriptions to the Association represent a very small proportion of Canada's total participation.

International financial institutions

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

In certain cases, loans and advances are made using notes payable that are later encashed. During the year, transactions included loans and advances made in cash and through note issuances, encashments of notes issued in previous years, revaluations for foreign currency fluctuations, and other miscellaneous adjustments.

JOINT AND MIXED ENTERPRISES

Joint and mixed enterprises are entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. This group records and/or reports the Government's loans, investments and advances to such entities. Additional information on these entities is provided in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada.

Under the terms of section 147 of the *Bankruptcy and Insolvency Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

Table 6.14 presents a summary of the balances and transactions for the various types of loans, investments and advances to joint and mixed enterprises.

TABLE 6.14

JOINT AND MIXED ENTERPRISES

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
	\$	\$	\$	\$
Petro-Canada—Finance— Capital stock—Common	3,326,354,321			3,326,354,321
Preferred	972,771,853			972,771,853
	4,299,126,174			4,299,126,174
Other— Canarctic Shipping Company Limited—Transport				
Cooperative Energy Corporation—Energy, Mines and Resources				
Lower Churchill Development Corporation Limited— Energy, Mines and Resources	14,750,000			14,750,000
National Sea Products Ltd—Finance	59,540,000			59,540,000
North Portage Development Corporation— Western Economic Diversification				
NPM Nuclear Project Managers Canada Inc— Energy, Mines and Resources				
Société du parc industriel et portuaire Québec-Sud— Finance—Federal Office of Regional Development-Quebec	400			400
	74,290,400			74,290,400
Total	4,373,416,574			4,373,416,574

Petro-Canada

Petro-Canada was initially incorporated under the *Canada Business Corporations Act*, to explore for, research, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.

As of March 31, 1994, the Government's holding of shares represents 70.3 percent ownership of the Corporation.

Canarctic Shipping Company Limited

The Corporation was incorporated under the *Canada Corporations Act*, and continued under the *Canada Business Corporations Act*, to acquire, sell, lease, charter and otherwise deal in and with ships of every description, and to do all other things necessary or incidental thereto.

In 1977-78, 305,996 common shares of Canarctic Shipping Company Limited having a total value of \$305,996, and representing 51 percent of the common shares outstanding, were purchased and charged to budgetary expenditure (Transport Vote 10—Marine operating expenditures). The balance of outstanding shares is owned by North Water Navigation Ltd.

Cooperative Energy Corporation

The Corporation was incorporated under the *Cooperative Energy Act*, to operate an energy corporation whose primary activity is to explore and develop new Canadian oil and gas resources. The Corporation is a holding company whose shareholders are the participating co-operatives and the Government of Canada. The objective of the Government's participation is to bring together a number of co-operative financial, agricultural, service and marketing institutions to participate in the Canadian oil and gas industry.

The Government's investment in the capital of the Corporation, as authorized by the *Cooperative Energy Act*, has been fully repaid by the Corporation, however, Canada is still entitled to a share of the small residual value of the Corporation once it is wound up.

Lower Churchill Development Corporation Limited

The Corporation was incorporated under the *Companies Act* of Newfoundland, to establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.

This account records the Government's investment in the capital of the Corporation. In respect of Canada's participation with the Government of Newfoundland in the development of the hydroelectric power potential of the Lower Churchill River in Labrador, the Government is authorized to purchase approximately 49 percent of the shares of the Lower Churchill Development Corporation Limited.

The Government has purchased 1,475 class A shares, representing 49 percent of the shares outstanding. The balance of the outstanding shares is owned by Newfoundland and Labrador Hydro (an agent of the Government of Newfoundland and Labrador).

National Sea Products Ltd

The Corporation was incorporated under the *Nova Scotia Companies Act*, to process and market fish, seafoods and fish by-products. The objective of the Government's participation is to restructure the Nova Scotia fishery.

Pursuant to the *Atlantic Fisheries Restructuring Act*, the Government has acquired shares in the Corporation. The Government's holding consists of 3,105,952 no par value common shares. This represents 10.59 percent of the shares outstanding.

North Portage Development Corporation

The Corporation was incorporated under the *Manitoba Corporations Act*, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3 percent of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

NPM Nuclear Project Managers Canada Inc

The Corporation was incorporated under the *Canada Business Corporations Act*, to manage nuclear projects and construction. The objective of the Government's participation is to transfer this activity from Atomic Energy of Canada Ltd to the private sector.

The Government has purchased 60 no par value common shares. The purchase cost of these shares was charged to a budgetary vote.

The Government's holding of shares represents 17.14 percent of the shares outstanding. The balance of the outstanding shares is owned by three private sector corporations.

Société du parc industriel et portuaire Québec-Sud

The Corporation was incorporated by a Special Act of the Government of Quebec, to develop and implement plans and programs for an industrial complex, using the infrastructure of the Quebec harbour, and contributing to the development of that same infrastructure.

The Government has purchased 400 common shares of the Corporation at \$1 per share. This represents 40 percent of the authorized shares. The balance of the outstanding shares is owned by the Government of Quebec.

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES

This group records loans, investments and advances not classified elsewhere.

Table 6.15 presents a summary of the balances and transactions for the various types of miscellaneous loans, investments and advances.

TABLE 6.15

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
	\$	\$	\$	\$
Loans and accountable advances—				
External Affairs—				
Missions abroad	11,258,847	704,658,043	710,349,793	5,567,097
Personnel posted abroad	10,388,135	9,850,387	9,514,463	10,724,059
	21,646,982	714,508,430	719,864,256	16,291,156
National Defence—				
Imprest accounts, standing advances and authorized loans	28,934,152	740,094,100	735,653,147	33,375,105
Supply and Services—				
Miscellaneous accountable advances	6,572,435	12,727,451	10,748,093	8,551,793
Miscellaneous accountable imprest and standing advances	9,491,337	1,335,790	1,135,298	9,691,829
	16,063,772	14,063,241	11,883,391	18,243,622
Total loans and accountable advances	66,644,906	1,468,665,771	1,467,400,794	67,909,883
Other miscellaneous—				
Agriculture—				
Construction of multi-purpose exhibition buildings	15,954,359		993,027	14,961,332
Atlantic Canada Opportunities Agency—				
Loans to assist industry in the Cape Breton area	3,442,816			3,442,816
Loans to enterprises in Newfoundland and Labrador	4,825,917		365,804	4,460,113
	8,268,733		365,804	7,902,929
Communications—				
Cultural industries	14,500,000	3,765,570		18,265,570
Cultural property	2,006		2,456	(450)
	14,502,006	3,765,570	2,456	18,265,120
Employment and Immigration—Labour—				
Provincial workers' compensation boards	8,063,000			8,063,000
Energy, Mines and Resources—				
Hydro-Quebec Research Institute	7,314,965		1,012,977	6,301,988
Joint venture—Bi-Provincial Upgrader—				
Investment	517,167,017	9,223,239		526,390,256
Operating shortfalls	13,300,000	12,289,830		25,589,830
	537,781,982	21,513,069	1,012,977	558,282,074
External Affairs—				
Development of export trade (loans administered by the Export Development Corporation)	33,643,766	13,261,590	13,699,434	33,205,922
Finance—				
Air Canada	16,573,302		16,573,302	
Canadian Commercial Bank	66,810,666		924,898	65,885,768
Hibernia Development Project	6,786,284	88,190,829		94,977,113
Ottawa Civil Service Recreational Association	144,419		4,437	139,982
Federal Office of Regional Development-Quebec—				
Industrial and regional development program	947,917		947,917	
	91,262,588	88,190,829	18,450,554	161,002,863
Fisheries and Oceans—				
Canadian producers of frozen groundfish	188,315			188,315
Groundfish processors	85,725			85,725
Haddock fishermen	1,348,338		1	1,348,337
	1,622,378		1	1,622,377
Indian Affairs and Northern Development—				
Council for Yukon Indians	12,989,395	1,200,000		14,189,395
Eskimo loan fund	1,733,482		117,071	1,616,411
Indian economic development fund	18,653,296	5,347	910,005	17,748,638
Indian housing assistance fund	698,648	9,000	109,201	598,447
Inuvialuit Regional Corporation	83,809,000		83,809,000	
Native claimants	216,686,024	27,020,319	3,498,863	240,207,480
Yukon Energy Corporation	47,850,000		1,030,346	46,819,654
	382,419,845	28,234,666	89,474,486	321,180,025

TABLE 6.15

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES—*Concluded*

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
	\$	\$	\$	\$
Industry, Science and Technology—				
Canadian defence industry	1,138,165		81,500	1,056,665
Company stock option				
Manufacturing, processing and service industries in Canada	110,000,000 <i>111,138,165</i>		<i>81,500</i>	<i>110,000,000</i> <i>111,056,665</i>
National Defence—				
Canadian Forces housing projects	10,389,006		1,020,998	9,368,008
Secretary of State—Immigration Program—				
Transportation and assistance loans	60,731,053	10,204,993	15,791,729	55,144,317
Solicitor General—Correctional Service—				
Parolees	34,945	13,222	18,479	29,688
Supply and Services—				
Defence production loan account	1,724,007			1,724,007
Seized property working capital account	<i>1,724,007</i>	<i>2,026,554</i>	<i>1,716,313</i>	<i>310,241</i> <i>2,034,248</i>
Transport—				
Hamilton Harbour Commissioners	375,000		50,000	325,000
Saint John Harbour Bridge Authority	30,488,611		1,058,007	29,430,604
	<i>30,863,611</i>		<i>1,108,007</i>	<i>29,755,604</i>
Veterans Affairs—				
Commonwealth War Graves Commission	56,952	4,263		61,215
Veterans' Land Act Fund—				
Advances	34,927,600	2,163,974	12,831,157	24,260,417
Less: allowance for conditional benefits	5,120	2,320		2,800
	<i>34,922,480</i>	<i>2,166,294</i>	<i>12,831,157</i>	<i>24,257,617</i>
	<i>1,343,378,876</i>	<i>169,381,050</i>	<i>156,566,922</i>	<i>1,356,193,004</i>
Add: consolidation adjustment ⁽¹⁾	13,007,000	136,173,000		149,180,000
Total other miscellaneous	1,356,385,876	305,554,050	156,566,922	1,505,373,004
Total	1,423,030,782	1,774,219,821	1,623,967,716	1,573,282,887

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 1 of this volume).

Missions abroad

Non-interest bearing advances have been made for interim financing of expenditures at missions abroad, pending distribution to appropriations of External Affairs and other departments and agencies.

The total amount authorized to be outstanding at any time is \$50,000,000.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is \$22,500,000.

The closing balance consists of loans to employees, \$8,411,578; advances for medical expenses, \$1,405,702; security and other deposits under Foreign Service Directives, \$565,618; and, school and club debentures, \$341,161.

The loans to employees bear interest at rates from 5 percent to 9 percent per annum, and are repayable over 4 years, with final instalments between April 1, 1994 and March 1, 1998.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: (a) public funds imprest and public funds advance accounts; (b) standing advances; (c) authorized loans and advances to employees posted abroad; and, (d) authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is \$100,000,000.

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is \$22,000,000.

Construction of multi-purpose exhibition buildings

Loans have been made to finance the construction of multi-purpose exhibition buildings.

The loans bear interest at rates from 7.432 percent to 9.684 percent per annum, and are repayable over 20 to 30 years, with final instalments between October 31, 1994 and October 1, 2006.

Loans to assist industry in the Cape Breton area

Loans have been made for the purpose of promoting the establishment, growth, efficiency and international competitiveness of Canadian industry or to assist them in their financial restructuring and to foster the expansion of Canadian trade to a person engaged or about to engage in a manufacturing, processing or service industry in the Cape Breton area.

The loans bear interest at rates from 11 percent to 13.75 percent per annum, and are repayable at various dates, with final instalments by December 12, 2000.

Loans to enterprises in Newfoundland and Labrador

Loans have been made to provide financing to small and medium-sized businesses in Newfoundland.

These loans originated from the Newfoundland and Labrador Development Corporation Limited, of which Canada owned 40 percent of the shares. In an agreement dated March 29, 1989, the Newfoundland government purchased Canada's shares to effect the withdrawal of the Government of Canada from the Corporation. A condition of the withdrawal was that the Government of Canada accept these loans as full payment of moneys owing by the Corporation to Canada. These loans are currently being administered by the Enterprise Newfoundland Labrador on behalf of the Government of Canada.

These loans bear interest at rates from 10 percent to 17 percent per annum, and are repayable at various dates, with final instalments by April 1, 1999.

Cultural industries

Loans have been made to Canadian owned and controlled firms in cultural industries to encourage the growth of the Canadian book publishing, film and video and sound recording industries.

During the year, loans were authorized by Communications Vote L25, *Appropriation Acts No. 1 and No. 2, 1993-94*.

These loans bear no interest and will only have to be repaid if the program is terminated.

Cultural property

Loans have been made to institutions and public authorities in Canada, for the purchase of objects in respect of which export permits have been refused under the *Cultural Property Export and Import Act*, or for the purchase of cultural property situated outside Canada which is related to the national heritage.

Although authority for additional loans was provided by Communications Vote L20, *Appropriation Acts No. 1 and No. 2, 1993-94*, no loans were made during the year. The total loan authority is \$10,000 per year.

The remaining loan bears interest at the rate of 10.455 percent per annum, and is repayable over 5 years, with the final instalment on April 1, 1994.

Provincial workers' compensation boards

This account is operated under the authority of section 4(6) of the *Government Employees Compensation Act*, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

Hydro-Quebec Research Institute

Loans have been made to the Hydro-Quebec Research Institute, guaranteed by the Province of Quebec, to provide financial assistance for construction and operation of the Institute.

The loans bear interest at rates from 7.187 percent to 7.937 percent per annum, and are repayable in equal annual instalments over 25 years, with the final instalment on March 25, 1999.

Joint venture—Bi-Provincial Upgrader

The Government of Canada entered into a joint venture agreement with the Provinces of Alberta and Saskatchewan and Husky Oil Operations Ltd for the sole purpose of constructing and operating the Bi-Provincial Upgrader to be located near Lloydminster, Saskatchewan. The project facility will be used to upgrade heavy oil and crude bitumen.

Investment

The Government's equity interest in the joint venture is equal to 31.58 percent of the initial Class A equity interests, 38.38 percent of the additional Class A equity interests, 33.33 percent of the Class B equity interests, 31.67 percent of the Class C equity interests, 38.38 percent of the Class D equity interests, and 38.38 percent of the Class E equity interests.

During the year, additional investment payments were authorized by Energy, Mines and Resources Vote L33b, *Appropriation Act No. 3, 1993-94*.

As of March 31, 1994, the Government's total investment is \$529.6 million. Of this amount, \$3.2 million has been charged to budgetary expenditure (Vote 5) in 1988-89.

Operating shortfalls

Additional payments of \$12.3 million were authorized by Energy, Mines and Resources Vote L15, *Appropriation Acts No. 1 and No. 2, 1993-94*, to cover operating shortfalls. As of March 31, 1994, a total of \$25.6 million was provided to fund Canada's obligation under the Joint Venture Agreement.

Development of export trade

Pursuant to section 31 of the *Export Development Act*, the Governor in Council may authorize the Corporation to make loans where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Prior to April 1, 1987, these loans were made under non-budgetary authority. Since April 1, 1987, interest-free or low interest bearing loans are made under budgetary authority because of their concessional nature. Any similar loans that were issued prior to April 1, 1987 are fully provided for in the allowance for valuation of assets.

The following table presents the balances and transactions for the loans made to the private sector, together with their terms and conditions of repayments. The subtotal of loans to the private sector includes, where applicable, total payments made under both budgetary and non-budgetary authorities. Total payments made under budgetary authority are deducted as a lump sum amount under the caption "budgetary treatment".

	Payments and other charges		Receipts and other credits		March 31/1994
	April 1/1993	Disbursements	Revaluation	Receipts or other credits ⁽¹⁾	Revaluation
	\$	\$	\$	\$	\$
(a) 1 to 5 year term, 8.5 percent to 9.5 percent interest per annum, with final repayments between July 1986 and April 1995:					
Brazil	5,068,939			13,784	5,055,155
Nigeria	82,939				82,939
	5,151,878			13,784	5,055,155
(b) 11 to 15 year term, 8.5 percent interest per annum, with final repayments between October 1983 and September 2001:					
Antigua	12,988,638		596,780	689,019	12,896,399
Zambia	150,111				150,111
	13,138,749		596,780	689,019	12,896,399
(c) 16 to 20 year term, 0 percent interest per annum, with final repayments in June 2012:					
Thailand	25,783,525		10,165,945		35,949,470
(d) 40 year term, 0 percent interest per annum, with final repayment in March 2036:					
Antigua	15,278,392		2,498,865		17,777,257
Subtotal	59,352,544		13,261,590	702,803	71,678,281
Less: budgetary treatment	25,708,778				38,472,359
Total	33,643,766		13,261,590	702,803	33,205,922

⁽¹⁾ Receipts or other credits may include transactions such as repayments, forgiveness, etc.

Air Canada

The Corporation was established by the *Air Canada Act*, and continued under the *Canada Business Corporations Act*, to provide scheduled domestic and international air services to North America, the British Isles, continental Europe and the Caribbean.

The loan was repaid in full during the year.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank (the Government of Canada's share is \$60 million) and the purchase of outstanding debentures from existing holders (\$6.8 million).

Hibernia Development Project

In accordance with the *Hibernia Development Project Act*, the Government, through Canada Hibernia Holding Corporation, a wholly-owned subsidiary of Canada Development Investment Corporation, acquired an 8.5 percent interest in the Hibernia Development Project.

During the year, payments totalling \$88,190,829 were made to the Canada Hibernia Holding Corporation to cover Canada's equity interest as authorized by Finance Vote L33a, *Appropriation Act No. 2, 1993-94*.

Ottawa Civil Service Recreational Association

Loans have been made to the Ottawa Civil Service Recreational Association, to assist in the building and development of the W Clifford Clark Memorial Centre.

The remaining loan bears interest at the rate of 4.25 percent per annum, and is repayable in equal semi-annual instalments over 45 years, with the final instalment due September 30, 2005.

Industrial and regional development program

Loans have been made to firms and industries to help them adjust to changing competitive conditions and to produce new, more viable and competitive products and services.

The remaining loan was repaid in full during the year.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987.

Groundfish processors

Loans have been made to assist processors of groundfish in Canada, who, as determined by the Fisheries Prices Support Board, are unable to obtain sufficient financing on reasonable terms from other sources, to maintain raw fish prices, i.e. prices to primary producers, at the 1966-67 level. The loans bore interest at the rate of 8.75 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1984. No loan repayments nor interest were received since November 1982.

Loans, in the amount of \$3,000,000, have also been made to ice-affected fish plants in Newfoundland, Labrador and North Shore, Quebec, to provide advances for working capital assistance to Canadian producers of groundfish products in Newfoundland and Quebec, who were affected by severe ice conditions in May and June 1974. The loans bore interest at rates from 8 percent to 10 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1985.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is \$1,650,000.

The loans bore interest at the rate of 8 percent per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. Parliamentary authority is required to write off the balance.

Council for Yukon Indians

Loans have been made to the Council for Yukon Indians, to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indians land claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Votes L25 and L25b, *Appropriation Acts No. 1, No. 2 and No. 3, 1993-94*.

The loans are repayable in full upon settlement of land claims before an Agreement-in-Principle for the settlement of a claim is reached. Loans from April 1989 onward bear interest at rates ranging from 6.8 percent to 7.98 percent.

Eskimo loan fund

Loans have been made to individual Eskimos or groups of Eskimos, to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Eskimos, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Eskimos.

The total amount authorized to be outstanding at any time is \$7,072,000.

The loans bear interest at rates from 5 percent to 19.5 percent per annum, and are repayable over 1 to 15 years, with final instalments between April 1, 1994 and February 2, 2004.

Indian economic development fund

Loans have been made for the purposes of economic development of Indians, to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The loans bear interest at rates from 5 percent to 21 percent per annum, and are repayable over 4 months to 15 years, with final instalments between April 1, 1994 and April 1, 2008.

Indian housing assistance fund

Second mortgage loans have been made to provide financial assistance to Indians and Inuit, for the construction and acquisition of houses and land, in areas other than Indian reserves. The purposes of the account were extended to authorize loans and advances to Indians and Inuit, for repairs or improvements to houses at time of purchase, in areas other than Indian reserves.

The total amount authorized to be outstanding at any time is \$20,000,000.

The loans are non-interest bearing, and are repayable in full by equal annual instalments or forgiveness, or, when the borrower sells the property. Whenever certain conditions of occupancy and maintenance are satisfied, instalments are forgiven at the rate of 10 percent per annum for up to 10 years.

During the year, \$131,500 was forgiven under the authority of Northern Affairs and National Resources Vote L51a, *Appropriation Act No. 9, 1966*.

Inuvialuit Regional Corporation

A loan has been made to the Inuvialuit Regional Corporation pursuant to section 6 of the *Western Arctic (Inuvialuit) Claims Settlement Act* to meet the monetary obligations of the Government under section 15(4) of the agreement dated June 5, 1984, between the Committee for Original Peoples' Entitlement representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada.

The loans were repaid in full during the year.

Native claimants

Loans have been made to native claimants, to defray the costs related to the research, development and negotiation of claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Votes L20 and L20b, *Appropriation Acts No. 1, No. 2 and No. 3, 1993-94*.

The terms and conditions of the loans are as follows:

- (a) loans made before an Agreement-in-Principle for the settlement of a claim is reached are non-interest bearing;

- (b) loans made after the date on which an Agreement-in-Principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,

- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled, or on a date fixed in the agreement, which shall be not later than March 31, 2004, whichever date is earlier.

Yukon Energy Corporation

In accordance with section 4(2) of the *Northern Canada Power Commission Yukon Assets Disposal Authorization Act*, the Northern Canada Power Commission (formerly a Crown corporation) transferred its assets in the Yukon Territory to the Yukon Energy Corporation effective March 31, 1987.

Loans have been made to assist the Yukon Energy Corporation in acquiring the Northern Canada Power Commission Yukon Assets pursuant to section 7(1) of the *Northern Canada Power Commission Yukon Assets Disposal Authorization Act*.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) loans in the amount of \$13,200,000 bear interest at the rate of 9 percent per annum, are repayable in equal principal annual instalments of \$400,000 plus interest, with the final principal instalment on March 31, 1997 of \$12,400,000 plus interest; and,

- (b) loans in the amount of \$33,619,654 bear interest at the rate of 7 percent per annum, are repayable in equal principal annual instalments of \$1,000,000 plus interest with the final instalment on January 1, 2028. The instalment is subject to certain principal deferral and interest abatement provisions depending on the sales volume of electrical power. Clause 2 of the Flexible Term Note allows for reduced payments when sales on the Whitehorse-Arftihik-Fara (WAF) System are less than 310 GWH per year. Accordingly, the level of sales totalled 269 GWH for the year which resulted in a reduction of \$369,654 in the repayments of the principal otherwise payable (\$1,000,000 annually). The deferred principal will be payable in full on or before March 31, 2028. Subject to the interest abatement provision, where the sales of power on the WAF System falls into a certain range, the interest calculation is based on the application of a special formula. Accordingly, the amount of interest due and the amount calculated as payable will differ. An amount of \$612,524 in interest was abated this year.

Canadian defence industry

Advances have been made to assist Canadian defence industry with plant modernization.

The advances are non-interest bearing, and are repayable over 1 to 3 years, with instalments due between April 1, 1994 and July 1, 1997.

Company stock option

Pursuant to section 15 of the *Department of Industry, Science and Technology Act*, this account establishes authority, in accordance with terms and conditions prescribed by regulations of the Governor in Council,

- (a) to take, purchase, exercise, assign or sell, on behalf of Her Majesty in Right of Canada, a stock option in a company in connection with the provision of a loan, insurance of a loan, or contribution made to the company by Her Majesty under a program authorized by the Governor in Council where, in the opinion of the Minister,
 - (i) it is necessary to take, purchase, exercise, assign or sell the stock option in order to permit Her Majesty in Right of Canada to benefit from the purchase; or
 - (ii) it is necessary to take, purchase, exercise, assign or sell, the stock option in order to protect the Crown's interest in respect of a loan made or insured, or contribution made; and
- (b) to authorize the sale or other disposition of any capital stock acquired.

During the year, additional purchases were authorized by Industry, Science and Technology Vote L10, *Appropriation Acts No. 1 and No. 2, 1993-94*.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

During the year, an additional loan was authorized by Industry, Science and Technology Vote L15, *Appropriation Acts No. 1 and No. 2, 1993-94*.

There is one remaining loan which is interest free unless it goes into default, and otherwise is repayable at maturity on April 1, 2017.

Canadian Forces housing projects

Advances have been made to the Canada Mortgage and Housing Corporation, in respect of loans arranged by the Corporation for housing projects for occupancy by members of the Canadian Forces.

The loans bear interest at rates from 4 percent to 5.75 percent per annum, and are repayable over 35 to 48 years, with final instalments between August 1, 1996 and November 1, 2010.

Transportation and assistance loans

Section 119 of the *Immigration Act* authorizes the making of loans to immigrants and other such classes of persons.

The total amount authorized to be outstanding at any time is \$110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, bearing interest at rates from 6 percent to 15 percent per annum, with final instalments between April 1, 1994 and April 1, 2001, \$2,582,220; and,
- (b) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, non-interest bearing, with final instalments between April 1, 1994 and April 1, 2001, \$52,562,096.

Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is \$50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter. The repayment of a loan or any part thereof may be forgiven by the Solicitor General, if certain conditions are met.

During the year, loans totalling \$12,204 were forgiven pursuant to Solicitor General Vote L103b, *Appropriation Act No. 1, 1969*.

Defence production loan account

This account was established under section 18 of the *Defence Production Act*, to record loans or advances for any purpose other than to assist in the construction, acquisition, extension or improvement of capital equipment or works by any person.

Section 19 of the *Defence Production Act* stated that the aggregate expenditures charged to the Defence Production Revolving Fund (budgetary account), and to this account, shall not at any time exceed by more than \$100,000,000 the aggregate of amounts:

- (a) received from the sale or disposition of materials, substances or defence supplies;
- (b) charged to another appropriation in respect of costs of acquisition, storage, maintenance or transportation of stocks of materials or substances purchased, or of stocks of defence supplies acquired, where such materials, substances or defence supplies may be acquired under that appropriation;
- (c) charged to an appropriation or paid by an agent of Her Majesty or by an associated government, to pay costs incurred in respect of defence supplies, payment for which was made out and charged to the Defence Production Revolving Fund; and,
- (d) received in repayment of a loan or advance previously charged to this account.

The balance in the account represents a repayment of \$1.7 million owed to this account by CAE Aircraft, which is in dispute concerning the date when repayment is due. Legal counsel is of the opinion that no loss to the Government will be incurred.

Seized property working capital account

This account was established by section 12 of the *Seized Property Management Act*. Expenses incurred and advances made to maintain and manage any seized or restrained property are charged to this account. This account is credited when expenses and advances are repaid or recovered.

The total amount authorized to be outstanding at any time is \$50,000,000.

Any shortfall between the proceeds from the disposition of any property forfeited to Her Majesty and the amount that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to this account.

Hamilton Harbour Commissioners

Loans have been made to the Hamilton Harbour Commissioners, to assist in the development of the harbour.

The total amount authorized to be outstanding at any time is \$4,000,000.

The remaining loan bears interest at the rate of 4.125 percent per annum, and is repayable in semi-annual instalments over 39 years, with the final instalment on March 20, 2004.

Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year.

On April 1, 1990, a new agreement was signed. This agreement called for the consolidation of all debts into one non-interest bearing loan. The Authority will remit excess funds from the operation of the bridge to the Government on an annual basis to repay the debt.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

Veterans' Land Act Fund

Advances

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is \$605,000,000.

Allowance for conditional benefits

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to budgetary expenditure and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

ALLOWANCE FOR VALUATION

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

SECTION 7

1993-94

PUBLIC ACCOUNTS

Specified Purpose Accounts

CONTENTS

	<i>Page</i>
Canada Pension Plan	7.4
Pension liability	7.6
Government Annuities Account	7.10
Deposit and trust accounts	7.11
Provincial tax collection agreements account	7.16
Other specified purpose accounts	7.19
Supplementary statements—	
Canada Pension Plan Account and the Canada Pension	
Plan Investment Fund	7.31
Government Annuities Account	7.36
Royal Canadian Mounted Police (Dependants) Pension Fund	7.40

NOTE TO READER

Major reorganizations were made to the structure and names of certain ministries in 1993-94. For details of these changes, please refer to the **Introduction** at the beginning of this volume.

SPECIFIED PURPOSE ACCOUNTS

Specified purpose accounts represent the recorded value of the financial obligations of the Government in its role as administrator of certain public moneys received or collected for specified purposes, under or pursuant to the legislation, trusts, treaties, undertakings or contracts. These public moneys may be paid out only for the purposes specified in or pursuant to the legislation, trusts, treaties, undertakings or contracts.

Because of the dedicated purposes of these moneys, specific accounts are required to be maintained to provide an accounting mechanism to ensure that the moneys are used only for the purposes for which they were received or collected. Legislation relating to some accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

Table 7.1 presents the transactions and year-end balances of specified purpose accounts by category. Chart 7A presents the total specified purpose accounts by category for the current fiscal year, while Chart 7B compares the total specified purpose accounts for the last ten fiscal years.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

The financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Auditor General's reports thereon, are presented at the end of this section.

TABLE 7.1

SPECIFIED PURPOSE ACCOUNTS

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Canada Pension Plan, Table 7.2	2,839,017,620	14,477,642,791	14,588,941,410	2,727,719,001
Pension liability, Table 7.4	87,911,111,917	11,698,136,626	5,512,482,443	94,096,766,100
Government Annuities Account	778,435,226	50,793,562	93,547,776	735,681,012
Deposit and trust accounts, Table 7.12	1,143,074,547	873,857,781	870,644,045	1,146,288,283
Provincial tax collection agreements account, Table 7.15		32,217,507,595	32,217,507,595	
Other specified purpose accounts, Table 7.16	1,621,392,136	922,631,537	716,109,943	1,827,913,730
Total	94,293,031,446	60,240,569,892	53,999,233,212	100,534,368,126

Note: The balances and the transactions of the Unemployment Insurance Account, the Canadian Ownership Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts are reported in Section 5 of this volume (Table 5.6) since the transactions in these accounts are treated as budgetary.

CHART 7A
SPECIFIED PURPOSE ACCOUNTS BY CATEGORY FOR 1993-94

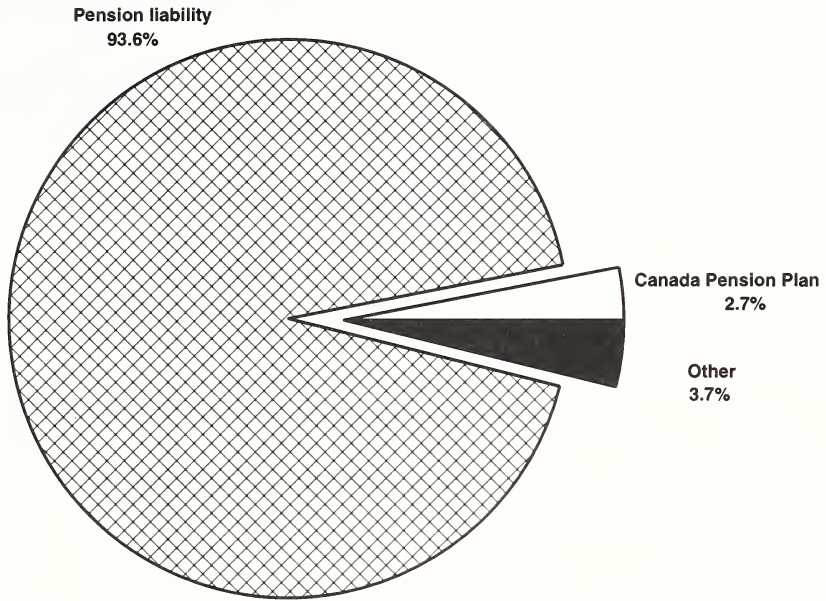
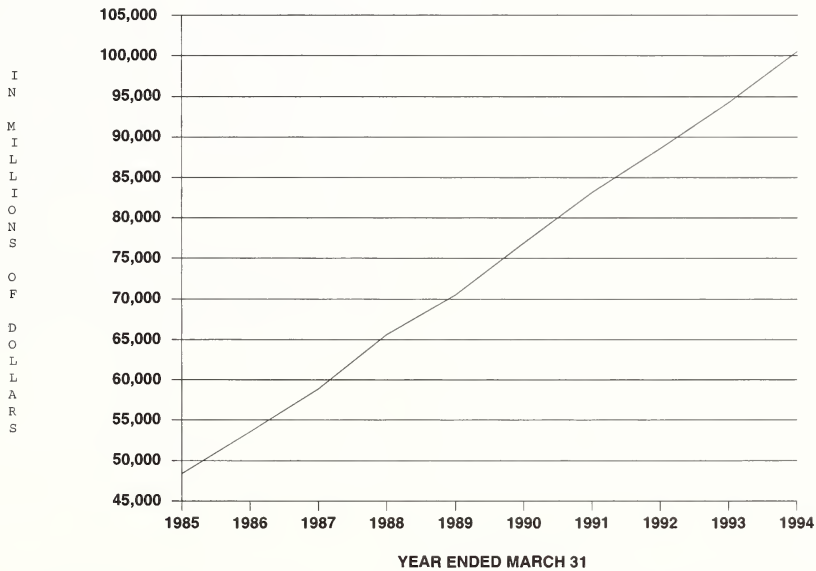


CHART 7B
SPECIFIED PURPOSE ACCOUNTS



Canada Pension Plan

The Canada Pension Plan is a compulsory contributory social insurance program which enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. Established in 1965, the Plan applies in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all benefits and expenses incurred in the administration of the Plan are financed from contributions made by employees, employers and self-employed persons, and from interest earned from the investment of funds.

The Government's financial obligation, as administrator of the Canada Pension Plan, is limited to the balance in the Account.

Table 7.2 presents a summary of the balances and transactions in the Canada Pension Plan Account less investment in securities of the federal, provincial and territorial governments held by the Canada Pension Plan Investment Fund.

TABLE 7.2

CANADA PENSION PLAN

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Canada Pension Plan Account, Table 7.3	42,172,092,620	13,367,962,421	14,588,941,410	40,951,113,631
Less: securities held by the Canada Pension Plan Investment Fund —				
Canada	3,505,445,000	7,907,000		3,497,538,000
Newfoundland	814,201,000	21,690,000		792,511,000
Nova Scotia	1,488,714,000	43,767,000		1,444,947,000
Prince Edward Island	177,525,000	4,343,370		173,181,630
New Brunswick	1,102,875,000	32,827,000		1,070,048,000
Quebec	142,843,000	8,133,000		134,710,000
Ontario	17,862,182,000	606,592,000		17,255,590,000
Manitoba	2,097,861,000	64,492,000		2,033,369,000
Saskatchewan	1,753,478,000	47,839,000		1,705,639,000
Alberta	4,822,689,000	110,433,000		4,712,256,000
British Columbia	5,561,536,000	161,657,000		5,399,879,000
Yukon Territory	3,726,000			3,726,000
	39,333,075,000	1,109,680,370		38,223,394,630
Operating balance	2,839,017,620	14,477,642,791	14,588,941,410	2,727,719,001

Receipts and other credits include:

- (a) contributions at the combined employer and employee rates of 5.0 percent and 5.2 percent for the 1993 and 1994 calendar years, subject to maximum combined contributions of \$1,505 and \$1,612 respectively;
- (b) interest received from the securities of the Canada Pension Plan Investment Fund, from short term investments and from the average daily operating balance; and,
- (c) funds received from the federal, provincial and territorial governments for the securities which have been redeemed during the year.

Payments and other charges include:

- (a) benefits paid under the Canada Pension Plan as retirement pensions, survivors' benefits paid to widows, widowers and orphans, or as lump sum death benefits, and disability pensions and benefits to children of disabled contributors;
- (b) benefits paid and recovered from the Canada Pension Plan, in accordance with an agreement with a province providing a comprehensive pension plan;
- (c) payments that are required to be charged to the Canada Pension Plan Account, in accordance with reciprocal agreements with other countries;
- (d) the costs of administration of the Plan; and,
- (e) funds invested during the year in the securities of the federal, provincial and territorial governments.

When the operating balance exceeds the estimated amount required to meet all payments in the following three-month period, the excess is available for the purchase of securities of the provinces, territories and Canada.

Provinces and territories are advised monthly of the amount of excess funds in the Canada Pension Plan Account that is available for the purchase of provincial and territorial securities. The amount available to each province and territory is the proportion that contributions made to the Plan during the preceding ten years in respect of employment in the province or territory bears to total contributions. Contributions received in respect of employment from employees outside Canada as well as any excess funds not invested in the securities of the provinces and territories are invested in the special non-marketable bonds of the Government of Canada.

Certain federal employees, such as members of the Canadian Armed Forces, who are resident in the Province of Quebec, contribute to the Canada Pension Plan. The securities of Quebec which are purchased by the Plan relate to the contributions of these employees.

TABLE 7.3

CANADA PENSION PLAN ACCOUNT (in millions of dollars)

	1993-94	1992-93
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees, employers and self-employed	8,922	8,993
Interest on investments	4,275	4,270
Interest on average daily operating balance	171	229
	<u>13,368</u>	<u>13,492</u>
PAYMENTS AND OTHER CHARGES—		
Benefits	14,402	13,199
Expenses	187	168
	<u>14,589</u>	<u>13,367</u>
Net decrease (-) or increase	<u>-1,221</u>	<u>125</u>
Funds applied—		
Purchase of bonds—		
Provincial and territorial		1,472
Federal		11
Decrease in deposits with Receiver General	-111	-342
	<u>-111</u>	<u>1,141</u>
Less: funds provided—		
Redemption of bonds—		
Provincial and territorial	1,102	1,009
Federal	8	7
	<u>1,110</u>	<u>1,016</u>
Net decrease (-) or increase	<u>-1,221</u>	<u>125</u>
Balance at beginning of year	42,172	42,047
Balance at end of year	<u>40,951</u>	<u>42,172</u>

Pension Liability

The pension liability represents the Government's obligations for its major pension plans. An allowance account is used to record the accumulated amortization of any shortfall or excess between the pension liability and the balances of the superannuation accounts as determined on an actuarial basis for accounting purposes.

The Government sponsors defined benefit pension plans for substantially all its full-time employees, principally members of the Public Service, the Canadian Forces and the Royal Canadian Mounted Police. It also has obligations for several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges.

The legislation provides that all pension obligations arising from these plans be met but separate funds are not maintained.

i. Pension plans

Employee pension plans

Basic pensions for the three major employee plans are generally based on the best six consecutive years' average earnings and are accrued at 2 percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pensions are indexed annually (on January 1) to the cost of living.

Employee contributions for these benefits are 7.5 percent of pay, less contributions to the Canada or Quebec Pension Plan. Employer contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. In 1993-94, the employer contribution rates averaged about 1.3, 2.5 and 2.1 times the current year's employee contribution for the plans of the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, respectively.

The *Public Service Superannuation Act* also covers the employees of certain Crown corporations, agencies and other institutions. Crown corporations covered by the *Public Service Superannuation Act* need only match their employees' contribution; any actuarial deficiency is borne by the Government.

Contributions are credited to the superannuation accounts. The accounts earn interest at rates that are based on the Government of Canada long-term bond rate. The interest rate earned by the accounts was about 11 percent for 1993 and 10.5 percent for 1994.

Members of Parliament retiring allowances

Members of Parliament are eligible to receive a basic retiring allowance upon termination of membership after having contributed to the plan for at least six years. The basic allowance is based on the best six year average sessional indemnity and is accrued at a rate of 5 percent and 3 percent of these average indemnities for Members of the House of Commons and for Senators, respectively. Basic allowances are indexed annually (on January 1) to the cost of living.

Members' contributions for these benefits are 11 percent for Members of the House of Commons and 7 percent for Senators. The Government contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions expressed as a multiple of Members' contributions, are as follows:

	1994	1993
Members of Parliament		
House of Commons		
Retirement allowances account	2.48	2.44
Retirement compensation arrangements	7.83	7.73
The Senate		
Retirement allowances account	1.62	1.50
Retirement compensation arrangements	2.79	2.66

Contributions are credited to the appropriate superannuation accounts. The accounts earn interest at a rate of 2.5 percent per quarter.

Pension plan for federally appointed judges

This plan provides fully-indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan lacks an explicit accrual rate for benefits instead, the full benefit amount is generally payable when the member reaches age 65 and completed 15 years of pensionable service.

Judges appointed to the bench before February 17, 1975 make required contributions of 1.5 percent of salary. All other judges make contributions of 7 percent of salary. No specified purpose account is maintained for this pension plan. Benefits are included in the Statement of Revenue and Expenditure as a component of other transfer payments.

ii. Actuarial valuations

As required under the *Public Pensions Reporting Act*, actuarial valuations are performed triennially on the five major pension plans using the projected benefit method pro-rated on services.

The most recent review date for the actuarial valuation of each pension plan is as follows:

- Public Service—December 31, 1992;
- Canadian Forces—December 31, 1990;
- Royal Canadian Mounted Police—December 31, 1992;
- Federally appointed judges—December 31, 1991;
- Members of Parliament—December 31, 1991.

As at March 31, 1994, the actuarial valuation reports for the Public Service and the Royal Canadian Mounted Police pension plans were not tabled before Parliament.

In accordance with the legislation governing the major pension plans, the President of the Treasury Board has the authority to direct that any actuarial deficiency found will be divided into equal instalments and credited to the appropriate account over a period not exceeding fifteen years commencing in the year in which the actuarial report is laid before Parliament. In the current year, no actuarial deficit was credited to the appropriate accounts.

Table 7.4 presents a summary of the balances and transactions for the pension liability. Receipts and other credits for the superannuation accounts consist of contributions from employees, related contributions from the Government and participating

Public Service corporations, transfers from other pension funds, other contributions related to actuarial liability adjustments for basic pension accounts and interest. Payments and other charges for the superannuation accounts consist of annuities payments for pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions, and transfers to other plans. Adjustments to the allowance account result from annual actuarial valuations performed for accounting purposes.

Table 7.5 presents a summary of transactions in the superannuation accounts that resulted in charges to budgetary expenditure.

TABLE 7.4**PENSION LIABILITY**

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Superannuation accounts—				
Public Service Superannuation Account,				
Table 7.6	50,584,758,259	7,138,758,186	2,629,181,223	55,094,335,222
Canadian Forces Superannuation Account,				
Table 7.7	29,578,643,755	3,742,337,762	1,299,467,383	32,021,514,134
Royal Canadian Mounted Police Superannuation Account,				
Table 7.8	5,491,456,788	774,188,125	127,230,930	6,138,413,983
Members of Parliament Retiring Allowances Account,				
Table 7.9	213,666,592	24,996,107	13,936,155	224,726,544
Members of Parliament Retirement Compensation				
Arrangements Account, Table 7.10	9,996,665	13,436,480	7,600,653	15,832,492
Supplementary Retirement Benefits Account,				
Table 7.11	32,589,858	4,419,966	66,099	36,943,725
	85,911,111,917	11,698,136,626	4,077,482,443	93,531,766,100
Allowance for the actuarial liability for				
pensions	2,000,000,000		1,435,000,000	565,000,000
Total	87,911,111,917	11,698,136,626	5,512,482,443	94,096,766,100

TABLE 7.5

SUMMARY OF TRANSACTIONS IN SUPERANNUATION ACCOUNTS THAT RESULTED IN CHARGES TO BUDGETARY EXPENDITURE
(in millions of dollars)

	1993-94					1992-93
	Government contributions	Actuarial liability adjustment	Statutory payments under Supplementary Retirement Benefits Act	Interest	Total	
Superannuation accounts—						
Public Service Superannuation Account	850			5,357	6,207	5,751
Canadian Forces Superannuation Account	435			3,125	3,560	3,346
Defence Services Pension						
Continuation Act			18		18	37
Royal Canadian Mounted Police Superannuation						
Account	126			587	713	653
Royal Canadian Mounted Police						
Continuation Act			21		21	21
Members of Parliament Retiring Allowances Account	2			22	24	22
Members of Parliament Retirement Compensation						
Arrangements Account	10			1	11	12
Supplementary Retirement Benefits Account	1			2	3	3
	1,424		39	9,094	10,557	9,845
Adjustment to the allowance for the actuarial liability						
for pensions					-1,435	-1,200
Total					9,122	8,645

Public Service Superannuation Account

This account is operated under the *Public Service Superannuation Act*.

No actuarial liability adjustment was made in either 1992-93 or 1993-94 as a result of actuarial reviews.

TABLE 7.6**PUBLIC SERVICE SUPERANNUATION ACCOUNT**

	1993-94	1992-93
	\$	\$
Opening balance	50,584,758,259	46,314,228,582
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Government employees	588,536,304	584,943,020
Retired employees	34,509,816	32,725,783
Public Service corporation employees	153,831,433	160,700,775
Employer contributions—		
Government	849,843,777	762,865,661
Public Service corporations	150,077,158	158,024,918
Transfers from other pension funds	5,262,037	5,755,670
Interest	5,356,697,661	4,988,175,073
	7,138,758,186	6,693,190,900
	57,723,516,445	53,007,419,482
PAYMENTS AND OTHER CHARGES—		
Annuities	2,405,660,821	2,292,104,819
Cash termination allowances	165,805	463,972
Minimum benefits	15,779,292	14,399,124
Returns of contributions—		
Government employees	54,601,288	48,539,933
Public Service corporation employees	23,357,453	26,465,959
Transfers to other pension funds	129,616,564	40,687,416
	2,629,181,223	2,422,661,223
Closing balance	55,094,335,222	50,584,758,259

Canadian Forces Superannuation Account

This account is operated under the *Canadian Forces Superannuation Act*.

No actuarial liability adjustment was made in either 1992-93 or 1993-94 as a result of actuarial reviews.

TABLE 7.7**CANADIAN FORCES SUPERANNUATION ACCOUNT**

	1993-94	1992-93
	\$	\$
Opening balance	29,578,643,755	27,244,686,027
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel	176,279,490	185,257,851
Contributions by the Government	434,903,319	423,759,900
Interest	3,125,140,102	2,921,607,858
Other	6,014,851	4,564,987
	3,742,337,762	3,535,190,596
	33,320,981,517	30,779,876,623
PAYMENTS AND OTHER CHARGES—		
Pensions and retiring allowance payments	1,271,675,489	1,169,133,608
Cash termination allowances and returns of contributions	26,893,733	31,304,241
Transfers to Public Service Superannuation Account (Treasury Board)	898,161	795,019
	1,299,467,383	1,201,232,868
Closing balance	32,021,514,134	29,578,643,755

Royal Canadian Mounted Police Superannuation Account

This account is operated under the *Royal Canadian Mounted Police Superannuation Act*.

No actuarial liability adjustment was made in either 1992-93 or 1993-94 as a result of actuarial reviews.

TABLE 7.8

ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACCOUNT

	1993-94	1992-93
	\$	\$
Opening balance	5,491,456,788	4,890,969,763
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel (current and arrears)	60,296,183	61,107,566
Transfers from other pensions funds	589,955	490,674
Contributions by the Government	125,972,405	119,666,571
Interest	587,329,582	532,419,903
	774,188,125	713,684,714
	6,265,644,913	5,604,654,477
PAYMENTS AND OTHER CHARGES—		
Annuities and allowance payments	125,516,035	110,696,480
Return of contributions	1,354,088	1,880,084
Cash termination allowance and gratuities	64,581	187,764
Transfers to other pension funds	109,675	172,151
Interest on returns of contributions	186,551	261,210
	127,230,930	113,197,689
Closing balance	6,138,413,983	5,491,456,788

Members of Parliament Retiring Allowances Account

This account was established by the *Members of Parliament Retiring Allowances Act*, to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the Senate or the House of Commons. Benefits are also available to the surviving spouse and/or dependent children of Members who served on or after April 9, 1963 and contributed under the Act.

TABLE 7.9

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACCOUNT

	1993-94	1992-93
	\$	\$
Opening balance	213,666,592	199,829,636
RECEIPTS AND OTHER CREDITS—		
Members' contributions—		
Current	944,626	945,274
Arrears of principal, interest and mortality insurance	104,017	97,246
Government contributions—		
Current	2,064,761	2,131,335
Interest	21,882,703	20,493,768
	24,996,107	23,667,623
	238,662,699	223,497,259
PAYMENTS AND OTHER CHARGES—		
Annual allowances	12,084,079	9,813,446
Withdrawal allowances	1,734,079	16,873
Interest on withdrawals	117,997	348
	13,936,155	9,830,667
Closing balance	224,726,544	213,666,592

Members of Parliament Retirement Compensation Arrangements Account

This account was established by the *Members of Parliament Retiring Allowances Act*, to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to the surviving spouse and/or dependent children of Members.

TABLE 7.10

MEMBERS OF PARLIAMENT RETIREMENT COMPENSATION ARRANGEMENTS ACCOUNT

	1993-94	1992-93
	\$	\$
Opening balance	9,996,665	3,185,053
RECEIPTS AND OTHER CREDITS—		
Members' contributions—		
Current	1,553,821	1,548,519
Government contributions—		
Current	10,394,866	11,038,414
Interest	1,487,793	806,119
	13,436,480	13,393,052
	23,433,145	16,578,105
PAYMENTS AND OTHER CHARGES—		
Annual allowances	391,546	61,148
Refundable tax remitted to Revenue Canada	6,637,345	6,516,391
Withdrawals	571,762	
Other amounts payable		3,901
	7,600,653	6,581,440
Closing balance	15,832,492	9,996,665

Supplementary Retirement Benefits Account

This account was established by the *Supplementary Retirement Benefits Act*, to provide for pension benefits increases resulting from changes in the Consumer Price Index.

The Account continues to provide for the payments of increased pension benefits resulting from indexation for pensions of life senators, federally appointed judges, and recipients of pensions under various Continuation Acts and other Acts.

TABLE 7.11

SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT

	Royal Canadian Mounted Police		Parliament		Others ⁽¹⁾		Total	
	1993-94	1992-93	1993-94	1992-93	1993-94	1992-93	1993-94	1992-93
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	4,521,921	4,209,090	73,424	63,642	27,994,513	23,740,789	32,589,858	28,013,521
RECEIPTS AND OTHER CREDITS—								
Employee contributions—								
Government			1,394	2,316	1,391,310	1,196,275	1,392,704	1,198,591
Matching contributions—								
Government			1,394	2,316	1,263,803	1,196,305	1,265,197	1,198,621
Interest	303,836	328,743	4,980	5,150	1,453,249	1,916,060	1,762,065	2,249,953
	303,836	328,743	7,768	9,782	4,108,362	4,308,640	4,419,966	4,647,165
	4,825,757	4,537,833	81,192	73,424	32,102,875	28,049,429	37,009,824	32,660,686
PAYMENTS AND OTHER CHARGES—								
Annuities		15,912			66,099	54,916	66,099	70,828
Closing balance	4,825,757	4,521,921	81,192	73,424	32,036,776	27,994,513	36,943,725	32,589,858

⁽¹⁾ Includes all federally appointed judges, lieutenant governors and diplomatic services.

Allowance for the Actuarial Liability for Pensions

This account records the accumulated amortization of any shortfall or excess of the superannuation accounts over the pension liability.

As a result of the annual actuarial valuations for accounting purposes, the pension liability was found to be \$13,640 million lower than the balance of the superannuation accounts.

Estimation adjustments of \$1,435 million (\$1,200 million in 1993) due to experience gains and losses and change in actuarial assumptions were amortized to this account and reduced the expenditures of the year. The unamortized estimation adjustments of \$14,200 million (\$12,400 million in 1993) will be amortized to the provision and will reduce expenditures of future years.

The following table provides details of this allowance at March 31:

	(in millions of dollars)	
	1994	1993
Allowance, beginning of year	2,000	3,200
Less: amortization of estimation adjustments	1,435	1,200
Allowance, end of year	565	2,000

Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and items transferred from previous years' revenue to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed items transferred to non-tax revenue. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenue.

During the year, debts totalling \$9,802 related to overpayments, were written off pursuant to Employment and Immigration Vote 6b, *Appropriation Act No. 3, 1993-94*.

Deposit and Trust Accounts

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain moneys that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability.

Table 7.12 presents a summary of the balances and transactions in deposit and trust accounts.

TABLE 7.12

DEPOSIT AND TRUST ACCOUNTS

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Deposit accounts—				
Agriculture—				
Canadian Dairy Commission account	18,263,154	544,576,962	545,609,277	17,230,839
Guarantee deposits	3,187	4,800	7,051	936
	18,266,341	544,581,762	545,616,328	17,231,775
Communications—				
Canadian Museum of Civilization—				
Deposit account ⁽¹⁾	301		301	
Payroll account	10,413		10,413	
	10,714		10,714	
Canadian Museum of Nature—				
Deposit account ⁽¹⁾	-9,443	9,443		
	1,271	9,443	10,714	
Energy, Mines and Resources—				
Guarantee deposits—Oil and gas	5,411,500	716,408		6,127,908
Less: securities held in trust	5,383,600		712,688	6,096,288
	27,900	716,408	712,688	31,620
External Affairs—				
Fairs and missions	280,595	4,584,535	4,503,145	361,985
Finance—				
Canada Development Investment Corpora- tion—				
Canadair Limited	10,000,000			10,000,000
Crown corporations' surplus moneys—				
St Lawrence Seaway Authority, The	13,000,000			13,000,000
	23,000,000			23,000,000
Indian Affairs and Northern Development—				
Field British Columbia and Yukon Operations of the Northern Canada Power Commission	1,070,321		27,733	1,042,588
Guarantee deposits	4,951,018	12,854,227	6,701,538	11,103,707
Less: securities held in trust	4,106,951	4,959,909	9,269,068	8,416,110
	844,067	17,814,136	15,970,606	2,687,597
Guarantee deposits—Oil and gas	15,652,417	257,125	400,000	15,509,542
Less: securities held in trust	15,425,772	400,000	257,125	15,282,897
	226,645	657,125	657,125	226,645
Guarantee deposits—Reserve resources	553,304	119,910	10,692	662,522
	2,694,337	18,591,171	16,666,156	4,619,352
Justice—				
Supreme Court of Canada—				
Security for costs	250,085	26,489	7,712	268,862
Tax Court of Canada—				
Security for costs	7,720	7,700		15,420
	257,805	34,189	7,712	284,282
National Revenue—				
Customs and Excise—				
Guarantee deposits	8,359,904	2,422,625	1,605,679	9,176,850
Less: securities held in trust	4,234,300	1,014,000	539,000	3,759,300
	4,125,604	3,436,625	2,144,679	5,417,550
Temporary deposits received from importers	728,230		105,875	622,355
Less: deposits in special bank accounts	728,230	105,875	105,875	622,355
	4,125,604	3,542,500	2,250,554	5,417,550
Privy Council—				
Chief Electoral Officer—Candidates' election deposits		2,156,400	2,107,300	49,100

TABLE 7.12

DEPOSIT AND TRUST ACCOUNTS—*Concluded*

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Secretary of State—				
Employment and Immigration (Immigration Program)—				
General security deposits	121,776	55,913	9,512	168,177
Immigration guarantee fund	11,808,441	6,691,682	4,936,653	13,563,470
Less: securities held in trust	45,000	45,000		
	11,763,441	6,736,682	4,936,653	13,563,470
	11,885,217	6,792,595	4,946,165	13,731,647
Supply and Services—				
Contractors' security deposits (departments and agencies)—				
Bonds	24,134,231	33,485,623	33,062,757	24,557,097
Less: securities held in trust	24,134,231	41,024,750	41,447,616	24,557,097
		74,510,373	74,510,373	
Cash	16,869,024	15,351,995	17,171,819	15,049,200
Certified cheques	1,655,747	20,000	77,000	1,598,747
Less: securities held in trust	1,655,747	57,000		1,598,747
		77,000	77,000	
Seized property—Cash		3,186,322	2,280,041	906,281
Public Works—				
Queens Quay West Land Corporation capital account ⁽¹⁾ ...	152,092	156,141	232,104	76,129
	17,021,116	93,281,831	94,271,337	16,031,610
Total	77,560,186	674,290,834	671,092,099	80,758,921
Less: consolidation adjustment ⁽¹⁾	153,363	77,234		76,129
Total deposit accounts	77,406,823	674,368,068	671,092,099	80,682,792
Trust accounts—				
Finance—				
Halifax 1917 explosion pension account	565,615	21,054	96,064	490,605
Indian Affairs and Northern Development—				
Indian band funds—				
Capital accounts, Table 7.13	763,170,712	68,653,038	57,331,190	774,492,560
Revenue accounts, Table 7.14	95,591,494	77,707,619	78,986,864	94,312,249
	858,762,206	146,360,657	136,318,054	868,804,809
Indian estate accounts	8,023,365	3,647,455	4,906,620	6,764,200
Less: securities held in trust	113	113		
	8,023,252	3,647,568	4,906,620	6,764,200
Indian savings accounts	175,022,648	14,344,554	21,348,290	168,018,912
	1,041,808,106	164,352,779	162,572,964	1,043,587,921
National Defence—				
Estates—Armed services	638,853	2,545,073	2,934,260	249,666
Solicitor General—				
Canadian Security Intelligence Service—				
Meritorious graduate awards	19,209	840		20,049
Scholastic awards	16,444	711	1,000	16,155
Correctional Service—				
Inmates' trust fund	5,865,274	25,633,190	25,093,180	6,405,284
Royal Canadian Mounted Police—				
Benefit trust fund	2,558,091	202,588	167,928	2,592,751
	8,459,018	25,837,329	25,262,108	9,034,239
Veterans Affairs—				
Administered trust accounts	12,060,094	3,781,236	6,167,762	9,673,568
Estates fund	1,053,908	1,051,897	1,318,512	787,293
Less: securities held in trust	20	20		
	1,053,888	1,051,917	1,318,512	787,293
Veterans administration and welfare trust fund	1,084,150	1,900,325	1,200,276	1,784,199
Less: securities held in trust	2,000			2,000
	1,082,150	1,900,325	1,200,276	1,782,199
	14,196,132	6,733,478	8,686,550	12,243,060
Total trust accounts	1,065,667,724	199,489,713	199,551,946	1,065,605,491
Total deposit and trust accounts	1,143,074,547	873,857,781	870,644,045	1,146,288,283

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 1 of this volume).

Canadian Dairy Commission account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*, and uses the Consolidated Revenue Fund for banking purposes. This account was established by section 15 of the *Canadian Dairy Commission Act*, to record the Government's liability to the Commission.

Guarantee deposits—Agriculture

This account was established to record bonds deposited as guarantees required by the *Canada Agricultural Products Act* and the Licensing and Arbitration Regulations.

Deposit account—Canadian Museum of Civilization

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received by the Canadian Museum of Civilization by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with section 9(1)(l) of the *Museums Act*. The account is charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation.

During the year, this account was closed.

Payroll account

The Canadian Museum of Civilization is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*.

This account recorded the Government's liability to the Corporation.

During the year, this account was closed.

Deposit account—Canadian Museum of Nature

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received by the Canadian Museum of Nature by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, in accordance with section 12(s) of the *Museums Act*. The account was charged with amounts to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation.

During the year, this account was closed.

Guarantee deposits—Oil and gas—Energy, Mines and Resources

This account was established pursuant to section 21 of the *Financial Administration Act*, to record securities in the form of cash, promissory notes, and bonds which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence in accordance with section 24 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Fairs and missions

This account was established pursuant to section 21 of the *Financial Administration Act*, to record deposits which may be refunded, in part or in total, in accordance with contractual agreements concerning the participation of Canadian sector enterprises at international trade fairs.

Canadair Limited—Canada Development Investment Corporation

This account was established pursuant to section 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Canadair and demand for payment by Bombardier pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with the sale of the shares of Canadair.

Crown corporations' surplus moneys

These accounts were established pursuant to section 129(1) of the *Financial Administration Act*, to record moneys received from Crown corporations as directed by the Minister of Finance with the concurrence of the appropriate Minister. Interest can be paid in accordance with and at rates fixed by the Minister of Finance with the approval of the Governor in Council.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits—Indian Affairs and Northern Development

This account was established pursuant to section 21 of the *Financial Administration Act*, to record cash and securities deposited as guarantees for oil, mineral and timber rights and licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act*, section 13(3) of the *Northern Inland Waters Act* and various regulations under the *Territorial Lands Act*. Interest is not allowed on cash deposits.

Guarantee deposits—Oil and gas—Indian Affairs and Northern Development

This account was established pursuant to section 21 of the *Financial Administration Act*, to record securities in the form of cash, promissory notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with section 74 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Guarantee deposits—Reserve resources

This account was established pursuant to section 21 of the *Financial Administration Act*, to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, in accordance with the various regulations made under section 57 of the *Indian Act*.

Security for costs—Supreme Court of Canada

This account was established pursuant to section 21 of the *Financial Administration Act*, to record security to the value of \$500 deposited by the Appellant with the Registrar of the Supreme Court of Canada in accordance with section 60(1)(b) of the *Supreme Court Act*. As per section 66 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Security for costs—Tax Court of Canada

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgement of the Court.

Guarantee deposits—Customs and Excise

This account was established pursuant to section 21 of the *Financial Administration Act*, to record cash and securities required to guarantee payment of customs duties and excise taxes on imported goods, and of sales and excise taxes payable by licensees pursuant to the *Customs Act* and the *Excise Tax Act*.

Temporary deposits received from importers

This account was established pursuant to section 21 of the *Financial Administration Act*, to record temporary security deposits received from importers to ensure compliance with various departmental (Customs and Excise) regulations regarding temporary entry of goods.

Candidates' election deposits

This account was established pursuant to section 21 of the *Financial Administration Act*, to record candidates' election deposits, received in respect of a general election or by-election, less amounts refunded to candidates, or transferred to non-tax revenue, pursuant to the *Canada Election Act*.

During the year, \$731,500 was transferred to non-tax revenue.

General security deposits

This account was established pursuant to section 21 of the *Financial Administration Act*, to receive general security deposits from transportation companies in accordance with section 92(1) of the *Immigration Act*.

Immigration guarantee fund

This account was established by sections 18, 23, 92 and 103 of the *Immigration Act*, to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown.

Contractors' security deposits

This account was established pursuant to section 21 of the *Financial Administration Act*, to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Seized property—Cash

This account was established pursuant to the *Seized Property Management Act* to record cash forfeited which is required to be held by the Minister of Supply and Services until disbursement.

Queens Quay West Land Corporation capital account

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received from and held for Queens Quay West Land Corporation (formerly Harbourfront Corporation) regarding moneys derived from the capitalized leasing, sale or resale of lands or development rights.

Halifax 1917 explosion pension account

This account was established by section 5(1) of the *Halifax Relief Commission Pension Continuation Act*, to provide for the continuation of pensions, grants and allowances following the dissolution of the Halifax Relief Commission.

Indian band funds

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

TABLE 7.13**INDIAN BAND FUNDS—CAPITAL ACCOUNTS**

	1993-94	1992-93
	\$	\$
Opening balance	763,170,712	753,329,423
RECEIPTS AND OTHER CREDITS—		
Oil royalties	10,265,858	11,487,710
Gas royalties	39,624,767	32,247,739
British Columbia agreement	172,117	161,806
Land and other claim settlements	2,180,069	
Sundries	16,410,227	29,561,135
	68,653,038	73,458,390
	831,823,750	826,787,813
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	3,179,298	4,640,298
Transfer pursuant to section 64 of the Indian Act	47,076,135	39,831,483
Sundries	7,075,757	19,145,320
	57,331,190	63,617,101
Closing balance	774,492,560	763,170,712

TABLE 7.14

INDIAN BAND FUNDS—REVENUE ACCOUNTS

	1993-94	1992-93
	\$	\$
Opening balance	95,591,494	95,903,590
RECEIPTS AND OTHER CREDITS—		
Government interest	62,790,210	70,691,267
Land and other claim settlements	450,000	20,629,101
Sundries	14,467,409	12,772,100
	77,707,619	104,092,468
	173,299,113	199,996,058
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	1,844,335	606,125
Transfer pursuant to section 69 of the Indian Act	72,696,693	99,004,277
Sundries	4,445,836	4,794,162
	78,986,864	104,404,564
Closing balance	94,312,249	95,591,494

Indian estate accounts

These accounts were established pursuant to section 21 of the *Financial Administration Act*, to record the estates of deceased Indians, minor Indian children who have guardians, or mentally incompetent Indians pursuant to sections 42 to 51 of the *Indian Act*.

Indian savings accounts

These accounts were established pursuant to section 21 of the *Financial Administration Act*, to record the savings accounts maintained for individual Indians pursuant to section 52 of the *Indian Act*.

Estates—Armed services

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the service estates of deceased members of the Canadian Forces pursuant to section 42 of the *National Defence Act*. Net assets of estates are distributed to legal heirs under the administration of the Judge Advocate General, in his capacity as Director of Estates.

Meritorious graduate awards

This account was established pursuant to section 21 of the *Financial Administration Act*, to record a donation of \$11,000 to be used for the presentation of meritorious awards to graduating employees.

Scholastic awards

This account was established pursuant to section 21 of the *Financial Administration Act*, to record a donation of \$15,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

Inmates' trust fund

Pursuant to section 111 of the Corrections and Conditional Release Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobbycraft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

Benefit trust fund

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record moneys received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

Administered trust accounts

Pursuant to section 41 of the *Pension Act* and section 15 of the *War Veterans Allowance Act*, these accounts are under the jurisdiction of the Canadian Pension Commission and the Department of Veterans Affairs. Moneys held in these accounts include: (a) pensions placed under the administration of the Canadian Pension Commission; (b) war veterans and civilian war allowances placed under the administration of the Department of Veterans Affairs; and, (c) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated the inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

Estates fund

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the Payments to Estates Regulations.

Veterans administration and welfare trust fund

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the following moneys: (a) donations, legacies, gifts, bequests, etc, received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the Guardianship of Veterans' Property Regulations; and, (b) donations, legacies, gifts, bequests, etc, received by the Canadian Pension Commission, to be disbursed for the use of pensioners or dependents in distressed circumstances.

Provincial Tax Collection Agreements Account

This account records income taxes collected by the Government of Canada on behalf of provinces and territories participating in the joint-collection provision of the *Federal-Provincial Fiscal Arrangements Act*, and related payments made to them.

Under the *Federal-Provincial Fiscal Arrangements Act*, the Government of Canada is empowered to enter into agreements with provincial and territorial governments, to collect income taxes on their behalf, and to make payments to them with respect to such taxes.

The Government of Canada entered into agreements with provinces and territories (Quebec excepted), to collect individual income tax, and, with provinces and territories (Ontario and Quebec excepted), to collect corporation income tax, and, to pay in equal monthly instalments to such provinces and territories, the estimated revenue to be produced by the respective provincial and territorial taxes.

Because the Public Accounts reports information on a April to March fiscal year basis and because tax information is calculated on a calendar year basis, there can be transactions related to three or four tax years during any given fiscal year. For example, during a fiscal year the Minister of Finance makes current payments, based on estimates, for two calendar years (April to December and January to March). During this period, it is also necessary to make payments or adjustments related to final determinations of tax revenues, rebates and credits for the previous two tax years.

Table 7.15 presents detailed information of the transactions, accumulated balances and the net position of the revenues collected and the payments made to the provinces and territories on a tax year basis for both corporation and personal income taxes.

TABLE 7.15

PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Personal income taxes collected by National Revenue—Taxation for 1991	24,436,128,367		1,944	24,436,126,423
Less: payments to provinces and territories—				
Newfoundland	463,624,617	15,841,745	6,000	447,788,872
Prince Edward Island	101,570,706			101,570,706
Nova Scotia	941,195,384	38,002,178		903,193,206
New Brunswick	652,221,916			652,221,916
Ontario	13,882,719,409	492,571,725		13,390,147,684
Manitoba	1,057,450,672	44,217,425		1,013,233,247
Saskatchewan	1,008,727,209	18,198,330		990,528,879
Alberta	2,882,565,016			2,882,565,016
British Columbia	3,966,461,050			3,966,461,050
Yukon	27,350,061			27,350,061
Northwest Territories	61,065,786			61,065,786
	25,044,951,826	608,831,403	6,000	24,436,126,423
Net collections or overpayments (-) of personal income taxes for 1991	-608,823,459	608,831,403	7,944	
Personal income taxes collected by National Revenue—Taxation for 1992	25,623,915,000	8,909,464	1,346,574,352	24,286,250,112
Less: payments to provinces and territories—				
Newfoundland	475,360,000	6,000	744,741	476,098,741
Prince Edward Island	106,779,000		149,450	106,928,450
Nova Scotia	924,316,000		10,974,691	935,290,691
New Brunswick	670,722,000	7,744,322		662,977,678
Ontario	14,714,408,000	1,287,848,789		13,426,559,211
Manitoba	1,211,099,000	130,815,957		1,080,283,043
Saskatchewan	1,081,190,382	19,147,954		1,062,042,428
Alberta	2,929,495,618	144,572,824		2,784,922,794
British Columbia	4,222,182,000	69,255,084		4,152,926,916
Yukon	27,626,000		2,369,374	29,995,374
Northwest Territories	61,931,000		991,561	62,922,561
	26,425,109,000	1,659,390,930	15,229,817	24,780,947,887
Net collections or overpayments (-) of personal income taxes for 1992	-801,194,000	1,668,300,394	1,361,804,169	-494,697,775

TABLE 7.15

PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT—Continued

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Personal income taxes collected by National Revenue—Taxation for 1993	4,918,929,000	23,473,488,000	479,201,000	27,913,216,000
Less: payments to provinces and territories—				
Newfoundland	76,965,000		445,122,000	522,087,000
Prince Edward Island	16,156,000		98,888,000	115,044,000
Nova Scotia	139,622,000		814,606,000	954,228,000
New Brunswick	100,898,000		630,087,000	730,985,000
Ontario	2,293,844,000		13,599,920,000	15,893,764,000
Manitoba	182,329,000		1,095,742,000	1,278,071,000
Saskatchewan	168,770,000		990,023,000	1,158,793,000
Alberta	438,445,000		2,550,921,000	2,989,366,000
British Columbia	654,913,000		3,988,712,000	4,643,625,000
Yukon	4,256,000		30,344,000	34,600,000
Northwest Territories	9,688,000		56,192,000	65,880,000
	4,085,886,000		24,300,557,000	28,386,443,000
Net collections or overpayments (-) of personal income taxes for 1993	833,043,000	23,473,488,000	24,779,758,000	-473,227,000
Personal income taxes collected by National Revenue—Taxation for 1994		4,469,848,000		4,469,848,000
Less: payments to provinces and territories—				
Newfoundland			77,056,000	77,056,000
Prince Edward Island			16,940,000	16,940,000
Nova Scotia			144,067,000	144,067,000
New Brunswick			110,740,000	110,740,000
Ontario			2,438,289,000	2,438,289,000
Manitoba			185,584,000	185,584,000
Saskatchewan			167,727,000	167,727,000
Alberta			436,205,000	436,205,000
British Columbia			692,790,000	692,790,000
Yukon			5,320,000	5,320,000
Northwest Territories			9,996,000	9,996,000
			4,284,714,000	4,284,714,000
Net collections or overpayments (-) of personal income taxes for 1994		4,469,848,000	4,284,714,000	185,134,000
Total personal income taxes on hand	-576,974,459	30,220,467,797	30,426,284,113	-782,790,775
Corporation income taxes collected by National Revenue—Taxation for 1992	885,036,000	200,385,299	9,061,996	1,076,359,303
Less: payments to provinces and territories—				
Newfoundland	44,538,000	3,619,806	2,849,065	43,767,259
Prince Edward Island	12,002,000		2,580,972	14,582,972
Nova Scotia	58,472,000	13,338,606	1,813,915	46,947,309
New Brunswick	72,768,000		7,744,322	80,512,322
Quebec			26,135,326	26,135,326
Ontario			55,543,014	55,543,014
Manitoba	112,055,000	18,335,969	5,351,928	99,070,959
Saskatchewan	87,952,000		15,147,954	103,099,954
Alberta		787,199	12,474,081	11,686,882
British Columbia	504,475,000		66,034,218	570,509,218
Yukon	3,813,000		2,731,649	6,544,649
Northwest Territories	23,661,000	6,135,144	433,583	17,959,439
	919,736,000	42,216,724	198,840,027	1,076,359,303
Net collections or overpayments (-) of corporation income taxes for 1992	-34,700,000	242,602,023	207,902,023	

TABLE 7.15

PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT—*Concluded*

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Corporation income taxes collected by National Revenue—Taxation for 1993	304,792,000	746,984,000	4,787,000	1,046,989,000
Less: payments to provinces and territories—				
Newfoundland	3,628,000		35,576,000	39,204,000
Prince Edward Island	1,044,000		11,430,000	12,474,000
Nova Scotia	7,384,000		80,827,000	88,211,000
New Brunswick	6,794,000		74,358,000	81,152,000
Manitoba	12,752,000		139,589,000	152,341,000
Saskatchewan	10,106,000		108,215,000	118,321,000
Alberta				
British Columbia	51,988,000		579,381,000	631,369,000
Yukon	312,000		4,417,000	4,729,000
Northwest Territories	2,876,000		31,473,000	34,349,000
	96,884,000		1,065,266,000	1,162,150,000
Net collections or overpayments (-) of corporation income taxes for 1993	207,908,000	746,984,000	1,070,053,000	-115,161,000
Corporation income taxes collected by National Revenue—Taxation for 1994		452,462,000		452,462,000
Less: payments to provinces and territories—				
Newfoundland			3,730,000	3,730,000
Prince Edward Island			1,222,000	1,222,000
Nova Scotia			6,672,000	6,672,000
New Brunswick			7,646,000	7,646,000
Manitoba			13,028,000	13,028,000
Saskatchewan			10,934,000	10,934,000
Alberta				
British Columbia			63,468,000	63,468,000
Yukon			760,000	760,000
Northwest Territories			2,042,000	2,042,000
			109,502,000	109,502,000
Net collections or overpayments (-) of corporation income taxes for 1994		452,462,000	109,502,000	342,960,000
Total corporation income taxes on hand	173,208,000	1,442,048,023	1,387,457,023	227,799,000
Subtotal	-403,766,459	31,662,515,820	31,813,741,136	-554,991,775
Amount transferred to loans, investments and advances— Provincial and territorial governments ⁽¹⁾	403,766,459	554,991,775	403,766,459	554,991,775
Total		32,217,507,595	32,217,507,595	

⁽¹⁾ Since both the opening and closing balances of the Provincial Tax Collection Agreements Account are in a debit position, such balances have been transferred, for reporting purposes, to loans, investments and advances—Provincial and territorial governments. Further details are provided in Table 6.11 (Section 6 of this volume).

Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts.

Table 7.16 presents a summary of the balances and transactions for all other specified purpose accounts.

TABLE 7.16

OTHER SPECIFIED PURPOSE ACCOUNTS

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Insurance and death benefit accounts—				
Finance—				
Office of the Superintendent of Financial Institutions—				
Civil service insurance fund	10,510,813	254,120	598,083	10,166,850
National Defence—				
Regular forces death benefit account,				
Table 7.17	150,769,994	27,093,720	21,088,931	156,774,783
Treasury Board—				
Public Service death benefit account,				
Table 7.18	938,919,520	173,102,782	84,145,200	1,027,877,102
Veterans Affairs—				
Returned soldiers' insurance fund	429,458		49,545	379,913
Veterans insurance fund	17,966,884	452,844	1,047,180	17,372,548
	18,396,342	452,844	1,096,725	17,752,461
Total insurance and death benefit accounts	1,118,596,669	200,903,466	106,928,939	1,212,571,196
Pension accounts—				
Employment and Immigration—				
Annuities agents' pension account	14,152	11,979	11,837	14,294
Solicitor General—				
Royal Canadian Mounted Police—				
Dependants' pension fund	22,649,767	2,371,972	1,070,348	23,951,391
Treasury Board—				
Locally-engaged contributory pension				
account		266,324	266,324	
Total pension accounts	22,663,919	2,650,275	1,348,509	23,965,685
Other accounts—				
Agriculture—				
Agriculture development workshops	-25,641	1,008,046	952,801	29,604
Canada/British Columbia agri-food development				
projects	40,100	200,624	236,512	4,212
Canada/Manitoba partnership				
agreement on municipal water				
infrastructure for rural economic				
diversification	1,558,194	7,349,962	6,085,281	2,822,875
Net Income Stabilization Account	301,349,874	243,979,299	136,004,244	409,324,929
Shared-cost agreements—				
Research	2,468,426	8,213,051	6,984,250	3,697,227
	305,390,953	260,750,982	150,263,088	415,878,847
Communications—				
Shared-cost agreements—Conferences				
and training	19,841	346	7,053	13,134
Shared-cost/joint project agreements	24,650	1,151,729	325,672	850,707
Environment (Parks Program)—				
Forks sculpture contest account	6,268			6,268
Mackenzie King trust account	287,779	16,403	17,505	286,677
Miscellaneous projects deposits	8,368	1,682,813	1,615,553	75,628
Canadian Film Development				
Corporation—				
Advance account ⁽¹⁾	11,297,233	33,326,967	29,329,715	15,294,485
	11,644,139	36,178,258	31,295,498	16,526,899
Employment and Immigration—				
Canadian jobs strategy program	20,541		20,824	-283
Summer employment—Experience development program		708,323	708,446	-123

TABLE 7.16

OTHER SPECIFIED PURPOSE ACCOUNTS—Continued

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Labour—				
Fair wages suspense account	1,422	5,485	4,048	2,859
Labour standards suspense account	553,280	308,651	62,440	799,491
	575,243	1,022,459	795,758	801,944
Energy, Mines and Resources—				
Atomic Energy of Canada Limited regional seismic monitoring station	58,640	69,968	126,764	1,844
Continental geoscience division—Ontario Hydro	7,825	18,500	14,347	11,978
International Energy Agency—Implementing agreement	129,239	36,560	151,213	14,586
Market development incentive payments—Alberta	21,056,748		3,153,988	17,902,760
NYSERDA—Diesel technology Research and Development	78,990		78,990	
Ocean Drilling Program—Australia		1,153,534	1,153,534	
Shared-cost agreements—Research	122,916	907,183	613,044	417,055
Shared-cost projects	1,083,118	7,103,436	5,217,970	2,968,584
Forestry—				
Miscellaneous projects deposits	921,055	2,758,864	1,571,899	2,108,020
	23,458,531	12,048,045	12,081,749	23,424,827
Environment—				
Miscellaneous projects deposits	3,752,090	6,636,637	6,319,297	4,069,430
Public participation funding program	17,411			17,411
	3,769,501	6,636,637	6,319,297	4,086,841
External Affairs—				
Canada Foundation account	272,825	54,493	13,620	313,698
Less: securities held in trust	256,750	280,150	303,550	280,150
deposits in a special bank account	16,075	293,770	311,243	33,548
		628,413	628,413	
Financial assistance to Canadians abroad	150,062	1,075,632	1,035,441	190,253
Funds from non-governmental organizations	294,238	2,206,967	2,079,702	421,503
Paris air show	564,301	207,085	715,225	56,161
Shared-cost projects	546,606	1,220,994	1,272,459	495,141
Canadian Institute for International Peace and Security— Other outstanding liabilities	594,672	143	103,680	491,135
Canadian International Development Agency— Guarantee deposits	74,025		74,025	
Shared-cost projects—International conferences		47,982		47,982
International Joint Commission— Virtual Elimination Task Force (V.E.T.F.)— Economic Subgroup	77,083		77,083	
	2,300,987	5,387,216	5,986,028	1,702,175
Finance—				
Common school funds—Ontario and Quebec	2,677,771			2,677,771
Foreign claims fund	182,959			182,959
War claims fund—World War II	4,214	22		4,236
	2,864,944	22		2,864,966
Fisheries and Oceans—				
Federal/provincial cost-sharing agreements	603,961	5,705,254	6,160,867	148,348
Miscellaneous projects deposits	1,128,241	3,119,475	2,798,866	1,448,850
Sales of seized assets		122,241	77,520	44,721
	1,732,202	8,946,970	9,037,253	1,641,919
Indian Affairs and Northern Development—				
Fines—Indian Act	414,179	49,345	20,287	443,237
Indian agencies revenue trust bank accounts	203,974	6,074,645	5,872,455	406,164
Less: deposits in special bank accounts	203,974	6,074,645	5,872,455	406,164
Indian band funds—				
Shares and certificates	20,000			20,000
Less: securities held in trust	20,000			20,000

TABLE 7.16

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Indian compensation funds	182,160		68,566	113,594
Indian moneys suspense account	20,894,670	19,158,898	22,505,978	17,547,590
Indian special accounts	1,254,298	175,433	300,893	1,128,838
1924 Ontario lands agreement	8,568,166	663,030		9,231,196
Treaty Land Entitlement (Saskatchewan) Fund		18,577,808	9,612,344	8,965,464
	31,313,473	38,624,514	32,508,068	37,429,919
Industry, Science and Technology—				
Miscellaneous shared-cost agreements	211,566	234,320	207,370	238,516
Consumer and Corporate Affairs—				
Income from Patent Cooperation				
Treaty	8,498	2,608,948	2,595,833	21,613
Income from securities in trust—Bankruptcy and				
Insolvency Act	80,682	3,167		83,849
Securities in trust—Bankruptcy and Insolvency Act	31,266			31,266
Less: securities held in trust	31,266			31,266
Unclaimed dividends and undistributed assets—				
Bankruptcy and Insolvency Act	1,428,323	1,632,756	1,392,226	1,668,853
Canada Business Corporations Act	198,688	109,224	25,711	282,201
Winding-up Act	554,155		24,495	529,660
Social Sciences and Humanities				
Research Council —				
Queen's Fellowship Fund	276,903	10,970	17,606	270,267
Trust fund	8,028	327		8,355
Canadian Space Agency—				
Radarsat	481,310			481,310
National Research Council of Canada—				
Special fund	13,071,000	29,018,254	29,018,254	13,071,000
Trust fund	7,228,163	9,499,426	7,550,216	9,177,373
Natural Sciences and Engineering Research Council—				
Trust fund	437,141	661,093	614,840	483,394
Statistics Canada—				
Advance payments	3,632,670	42,707,623	39,722,292	6,618,001
	27,617,127	86,486,108	81,168,843	32,934,392
Justice—				
Child support—Shared-cost project	1,384			1,384
Federal Court of Canada—				
Federal Court special account	5,020,897	3,292,880	1,486,532	6,827,245
	5,022,281	3,292,880	1,486,532	6,828,629
National Defence—				
Foreign governments—				
United Kingdom—				
British Army—Suffield, Alberta	23,411,686	55,878,718	67,336,535	11,953,869
Wainwright, Alberta	894,391	5,631,755	4,696,806	1,829,340
Other activities	6,949,090	28,287,409	26,717,101	8,519,398
United States of America	3,418,912	1,703,911	2,907,893	2,214,930
Federal Republic of Germany—				
German Army—Shilo, Manitoba	9,240,515	15,295,001	18,489,837	6,045,679
Other activities	15,271,839	32,822,241	31,608,109	16,485,971
Netherlands	9,334,704	17,590,221	20,839,710	6,085,215
North Atlantic Treaty Organization (NATO)—				
Infrastructure projects	352,658	2,975,147	1,199,878	2,127,927
Non-government agencies	1,285,124	1,743,717	1,868,568	1,160,273
	70,158,919	161,928,120	175,664,437	56,422,602
National Health and Welfare—				
Canadian Sports Pool Corporation—Other outstanding				
liabilities	50,000			50,000
Miscellaneous federal/provincial projects	89,446	1,179,789	827,088	442,147
Pan American Health Organization (SIREVA)	186,176		107,964	78,212
Safety evaluation of chemicals	4,904		4,904	
World Health Organization	109,328	42,360	14,699	136,989
Medical Research Council—				
Dyskinesia and torticollis research	81,581	3,196	4,242	80,535
	521,435	1,225,345	958,897	787,883

TABLE 7.16

OTHER SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	April 1/1993	Receipts and other credits	Payments and other charges	March 31/1994
	\$	\$	\$	\$
Solicitor General—				
Royal Canadian Mounted Police—				
Seized assets—Canadian funds	3,774,321	941,598	467,270	4,248,649
Seized assets—US funds	44,268	518	38,115	6,671
	3,818,589	942,116	505,385	4,255,320
Supply and Services—				
Interest on bonds—Insurance companies		13,670,252	13,670,252	
Military purchases excess funds deposit	257,907,481		81,880,038	176,027,443
Less: securities held in trust	257,907,481	81,880,038		176,027,443
		81,880,038	81,880,038	
Petro-Canada Enterprises Inc.—Shares	956,630		81,023	875,607
	956,630	95,550,290	95,631,313	875,607
Veterans Affairs—				
Army benevolent fund	284,679	57,834	133,097	209,416
Total	491,429,633	719,077,796	603,835,243	606,672,186
Less: consolidation adjustment ⁽¹⁾	11,298,085		3,997,252	15,295,337
Total other accounts	480,131,548	719,077,796	607,832,495	591,376,849
Total other specified accounts	1,621,392,136	922,631,537	716,109,943	1,827,913,730

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 1 of this volume).

Civil service insurance fund

This fund was established by the *Civil Service Insurance Act*, to provide life insurance coverage for civil servants who bought policies before 1955-56. The purchase of policies was discontinued in 1954-55, pursuant to section 62(2) of the *Public Service Superannuation Act*.

During the year, receipts and other credits consisted of premiums of \$9,921 and, an amount of \$244,199 (charged to budgetary expenditure) representing an adjustment to bring the balance in the fund into agreement with the actuarial valuation as at March 31, 1993. Payments and other charges consisted of death benefits, \$554,435; cash surrender value, \$15,472; annuities, \$28,028; and premium refunds, \$148.

Regular forces death benefit account

This account was established by the *Canadian Forces Superannuation Act*, to provide life insurance to contributing members of the Armed Forces. Receipts and other credits consist of: (a) contributions by participants; (b) Government's contribution paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*; (c) single premiums payable by the Government in respect of regular forces participants who became entitled to a basic benefit of \$5,000 without contribution; and, (d) interest.

Payments and other charges consist of: (a) benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*, upon their retirement from the regular forces; (b) benefits paid in respect of elective regular forces participants, to whom pensions were not payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*, upon their retirement from the regular forces; and, (c) the portion of benefit payable for which a single premium has been paid by the Government.

TABLE 7.17**REGULAR FORCES DEATH BENEFIT ACCOUNT**

	1993-94	1992-93
	\$	\$
Opening balance	150,769,994	137,821,057
RECEIPTS AND OTHER CREDITS—		
Contributions by personnel	10,133,185	10,219,837
Government's contribution	1,769,409	1,889,485
Single premiums payable by the Government in respect of regular forces participants who became entitled to a basic benefit of \$5,000 without contribution	507,160	487,010
Interest	14,683,966	15,912,889
	27,093,720	28,509,221
	177,863,714	166,330,278
PAYMENTS AND OTHER CHARGES—		
Benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the <i>Canadian Forces Superannuation Act</i> or the <i>Defence Services Pension Continuation Act</i>	21,088,931	15,560,284
Closing balance	156,774,783	150,769,994

Public Service death benefit account

This account was established under the *Public Service Superannuation Act*, to provide life insurance to contributing members of the Public Service.

The account is credited with: (a) contributions by employees; (b) contributions by the Government and Public Service corporations; and, (c) interest. Payments and other charges represent: (a) benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and, (b) benefits of \$5,000 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf a single premium for \$5,000 death benefit coverage for life has been made.

TABLE 7.18**PUBLIC SERVICE DEATH BENEFIT ACCOUNT**

	1993-94	1992-93
	\$	\$
Opening balance	938,919,520	830,641,997
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees—		
Government and Public Service corporations	64,095,563	62,811,734
Government—		
General	5,559,783	5,299,896
Single premium for \$5,000	1,396,760	1,405,986
Public Service corporations	2,326,888	2,165,447
Interest	99,723,788	91,185,958
	173,102,782	162,869,021
	1,112,022,302	993,511,018
PAYMENTS AND OTHER CHARGES—		
Benefit payments—		
General	65,131,467	46,944,898
Life coverage of \$5,000	18,763,425	7,628,800
Other death benefit payments	250,308	17,800
	84,145,200	54,591,498
Closing balance	1,027,877,102	938,919,520

Returned soldiers' insurance fund

This fund was established by the *Returned Soldiers' Insurance Act*, to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial adjustment as at March 31, 1993 of \$623 was charged to the account during the year and was credited to budgetary revenue. The final date on which application for this insurance could have been received, was August 31, 1933.

Veterans insurance fund

This fund was established by the *Veterans' Insurance Act*, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1993 of \$371,934 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was October 31, 1968.

Annuities agents' pension account

This account was established by Vote 181, *Appropriation Act No. 1, 1961*, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

Dependants' pension fund

This fund which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5 percent contribution from the pay of members of the Force (other than commissioned officers) who are subject to the *Pension Continuation Act*. There are no longer any active members amongst the contributors.

Locally-engaged contributory pension account

This account, which pertains to Part II of the *Locally-Engaged Pension Regulations*, provides pension benefits to locally-employed Government employees who contributed to the plan. The account is credited with contributions from locally-engaged employees, and charged with the subsequent payment of benefits.

Treasury Board approved the closure of the plan to new entrants effective December 31, 1988. There are now fewer than fifty members contributing to the plan.

Agriculture development workshops

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received from "Agence de coopération culturelle et technique" from Paris, France in accordance with an agreement dated June 15, 1990. These funds will be used to defray the training costs and living expenses of third world members during their stay at the Food Research and Development Centre in St-Hyacinthe, Quebec.

Canada/British Columbia agri-food development projects

This account was established pursuant to section 21 of the *Financial Administration Act*, to record advance payments from the government of British Columbia for their share of costs incurred under the Soil Conservation Agreement and the Green Plan for Agriculture. Various research projects will be carried out. Money is paid out of the account as eligible billing costs are received.

Canada/Manitoba partnership agreement on municipal water infrastructure for rural economic diversification

This account was established pursuant to section 21 of the *Financial Administration Act*, to record advance payments received from the government of Manitoba and participating cities/towns for their share of the costs incurred under various projects. The projects involve making improvements to the water supply and waste treatment and disposal infrastructures of rural communities while preserving environmental quality. Money is paid out of the account as eligible billing costs are received.

Net Income Stabilization Account

This account was established by section 15 of the *Farm Income Protection Act*, to record funds received from producers and federal and provincial governments and includes: (a) individual contributions up to 2 percent of eligible net sales (maximum \$250,000 limiting the matching deposit of a producer to \$5,000 annually and the non-matchable deposit to \$50,000 annually); (b) government contributions, split equally between federal and provincial governments, matching the 2 percent individual contributions; (c) additional individual contributions up to 20 percent of eligible net sales (maximum \$250,000 limiting the matching deposit of a producer to \$5,000 annually and the non-matchable deposit to \$50,000 annually) which are not matchable by governments; (d) interest on the amount standing to the credit of the Account at rates and in accordance with terms and conditions determined by the Minister of Finance; and, (e) interest bonus of 3 percent per annum, split equally between federal and provincial governments, calculated on individual contributions.

The producer is entitled to make annual account withdrawal up to the amount allowed by either of two triggers: a stabilization trigger and a minimum income trigger. The method producing the largest amount will provide an upper limit for the withdrawal.

Shared-cost agreements—Research—Agriculture

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts deposited by external parties for shared-cost research projects. Moneys are disbursed on behalf of depositors as specific projects are undertaken.

Shared-cost agreements—Conferences and training

This account was established pursuant to section 21 of the *Financial Administration Act*, to record monies received from other governments and organizations for shared-cost agreements. Monies are disbursed on behalf of depositors as specific training is undertaken or conferences held.

Shared-cost/joint project agreements

This account was established pursuant to section 21 of the *Financial Administration Act*, to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Forks sculpture contest account

This account was established pursuant to section 21 of the *Financial Administration Act*, for the purpose of accepting donations from corporations and other donors to sponsor a sculpture competition for the opening of the Forks National Historic Park in Winnipeg, Manitoba.

Mackenzie King trust account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. The amount of \$225,000 was credited to the account. Interest computed, in accordance with the terms of section 3 of the *Laurier House Act*, is to be credited to the account at the end of each year, and charged to interest on public debt. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Miscellaneous projects deposits—Environment (Parks Program)

This account was established pursuant to section 21 of the *Financial Administration Act*, to record contributions received from organizations and individuals, for the furtherance of research work.

Advance account—Canadian Film Development Corporation

This account was established pursuant to section 21 of the *Financial Administration Act*, to reserve for use in future years moneys generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

Canadian jobs strategy program

The Canadian jobs strategy program is jointly funded by the federal and provincial governments.

This account records advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

The debit balance in this account is the result of a processing error and will be cleared in the new fiscal year.

Summer employment—Experience development program

The summer employment—Experience development program is jointly funded by the federal and provincial governments.

This account was established pursuant to section 21 of the *Financial Administration Act*, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

The debit balance in this account is the result of a processing error and will be cleared in the new fiscal year.

Fair wages suspense account

This account is operated under the authority of section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

Labour standards suspense account

This account is operated under the authority of the Canada Labour Code, Part III, section 251, and the Canada Labour Standards Regulations section 23.

The account records:

- (a) funds received from employers as a result of assessments made by inspectors regarding underpayments of minimum wages, overtime, vacation pay, holiday pay, termination, severance or bereavement pay. The assessments are payable either directly to the employee, or to the Minister of Employment and Immigration (Labour) who is required to transmit the payment to the employee;
- (b) payments received from employers who are in arrears in paying their employees. Such amounts are repaid to employees; and,
- (c) wages received by the Minister of Employment and Immigration (Labour) from employers who cannot locate employees. Efforts are then made to locate employees.

Atomic Energy of Canada Limited regional seismic monitoring station

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received from Atomic Energy of Canada Limited, to accommodate the cost-sharing of expenses required to operate a network of regional seismic monitoring stations in the provinces of Ontario and Alberta.

Continental geoscience division—Ontario Hydro

This account was established pursuant to section 21 of the *Financial Administration Act*, to facilitate a cost sharing agreement between Energy, Mines and Resources and Ontario Hydro to acquire, compile, process and interpret seismic reflection data recorded in Lake Ontario, Lake Erie, and Lake Huron.

International Energy Agency—Implementing agreement

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds for the cost-sharing of expenses between Canada, the United States, Japan, Sweden and Italy in respect to the International Energy Agency Implementing Agreement for a programme of research, development and demonstration on alcohol and alcohol blends as motor fuels.

Market development incentive payments—Alberta

This account records moneys received from the Government of Alberta, to encourage the expansion of natural gas markets in Alberta and provinces to the East, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986, however, payments are being made from the account for the Natural Gas Vehicle Conversion and Natural Gas Fuelling Station Programs.

NYSERDA—Diesel technology Research and Development

This account was established pursuant to section 21 of the *Financial Administration Act*, to administer an advance payment from the New York State Energy Research and Development Authority (NYSERDA) with respect to demonstrating methanol diesel technology in the operation of transit buses. The advance was a condition of an agreement between the Department of Energy, Mines and Resources and NYSERDA.

During the year, this account was closed.

Ocean Drilling Program—Australia

This account was established pursuant to section 21 of the *Financial Administration Act*, to deposit funds received from the government of Australia for the Ocean Drilling Program. The funds will subsequently be remitted to the National Science Foundation, Washington, D.C. together with Canada's share of Program costs.

Shared-cost agreements—Research—Energy, Mines and Resources

This account was established pursuant to section 21 of the *Financial Administration Act*, to facilitate the retention and disbursement of moneys received from private industries, and other governments for joint projects or shared-cost research agreements.

Shared-cost projects—Energy, Mines and Resources

This account was established pursuant to section 21 of the *Financial Administration Act*, to facilitate the retention and disbursement of moneys received from private organizations and other governments for cost-sharing scientific projects.

Miscellaneous projects deposits—Forestry

This account was established pursuant to section 21 of the *Financial Administration Act*, to record contributions received from organizations and individuals for the furtherance of forestry research work.

Miscellaneous projects deposits—Environment

This account was established pursuant to section 21 of the *Financial Administration Act*, to record contributions received from organizations and individuals, for the furtherance of research work.

Public participation funding program

This account was established pursuant to section 21 of the *Financial Administration Act*, to record deposits received from provinces, territories or private organizations to provide funds to assist public participation in the federal environment assessment and review process.

Canada Foundation account

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record moneys received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

Financial assistance to Canadians abroad

This account was established pursuant to section 21 of the *Financial Administration Act*, to record monies received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

Funds from non-governmental organizations

This account was established pursuant to section 21 of the *Financial Administration Act*, to record monies received as prepayment for services to be performed by the Department of External Affairs on behalf of third parties.

Paris air show

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received from the private sector. These funds are used to help defray the costs of the Canadian Pavilion activities during the bi-annual Paris air show held in Paris, France.

Shared-cost projects—External Affairs

This account was established pursuant to section 21 of the *Financial Administration Act*, to record monies received from organizations outside the Government of Canada accounting entity for shared-costs projects.

Canadian Institute for International Peace and Security—Other outstanding liabilities

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received at the dissolution of the Canadian Institute for International Peace and Security which are used to pay any liabilities of the Corporation.

Guarantee deposits—Canadian International Development Agency

This account was established pursuant to section 21 of the *Financial Administration Act*, to record cheques for insurance claims related to damages to "in transit" goods being shipped to the country specified in the loan agreement, pending the decision of the country on the use of these moneys, to reduce the loan balance or to purchase replacement goods.

During the year, this account was closed.

Shared-cost projects—International conferences

This account was established pursuant to section 21 of the *Financial Administration Act*, to record deposits received and payments made in accordance with authorities for shared-cost projects concerning International Conference Agreements.

Virtual Elimination Task Force (V.E.T.F.)—Economic Subgroup

This account was established pursuant to section 21 of the *Financial Administration Act*, to record deposits received from organizations sharing in the costs of a project to design a program for using economic instruments as a means of achieving virtual elimination of the input of mercury and chlorinated organics to waters of the Great Lake Basin Ecosystem.

Common school funds—Ontario and Quebec

This account was established under *12 Victoria 1849*, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of \$133,888, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5 percent per annum, and is charged to interest on public debt.

Foreign claims fund

This account was established by Vote 22a, *Appropriation Act No. 9, 1966*, to record: (a) such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, (b) all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

War claims fund—World War II

This account was established by Vote 696, *Appropriation Act No. 4, 1952*, to record moneys received from the Custodian of Enemy Property or from other sources, and payments: (a) to eligible claimants for compensation in respect of World War II; (b) of a supplementary award amounting to 50 percent of the original award (PC 1958-1467, October 23, 1958); and, (c) of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Federal/provincial cost-sharing agreements

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the deposit of moneys received from the provinces for cost-shared programs according to official signed agreements.

Miscellaneous projects deposits—Fisheries and Oceans

This account was established pursuant to section 21 of the *Financial Administration Act*, to record contributions received from organizations and individuals, for the furtherance of research work.

Sales of seized assets

The account is established under section 21 (1) of the *Financial Administration Act*, to record the proceeds of the sale of seized items by the Department of Fisheries and Oceans from a person contravening the *Fisheries Act*. Monies so received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries and Oceans or the courts.

Fines—Indian Act

Fines collected under sections 85.1 and 104 of the *Indian Act*, in connection with liquor prosecutions, and band bylaws, are credited to this account. Expenditures cover certain costs incurred in the suppression of the liquor traffic among the Indians of Canada.

Indian agencies revenue trust bank accounts

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys held for Indians in authorized banks across Canada. These moneys include such items as deceased estates, deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands.

Indian band funds—Shares and certificates

This account was established by section 61 of the *Indian Act*, to record the historical value of Transalta Utilities Ltd shares of stock as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General for Canada for the credit of the Blood Indian Band. Any dividends received are credited to the revenue account of the Blood Indian Band.

Indian compensation funds

Pursuant to sections 35 and 61 of the *Indian Act*, moneys received from the sale of Indian lands and easement compensation, where the title has not been cleared nor the land survey completed, are recorded in this account pending completion of documentation.

Indian moneys suspense account

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys held for individuals and bands, received from royalties, timber dues, rentals and leases of Indian lands, such as agricultural leases, easements, oil and gas leases, permits and royalties and timber dues agreements, etc, pending proper documentation.

Indian special accounts

Pursuant to section 52 of the *Indian Act* and section 21 of the *Financial Administration Act*, these Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purposes and include the following:

- (a) *Absent or missing heirs*—Assets in an estate to which a missing heir might be entitled are held in this account for a period of seven years, after which time, if the heirs are not located, the assets are distributed to other persons according to entitlement.
- (b) *Abitibi fur reserve*—This account records moneys received from the sale of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc.
- (c) *Abitibi fishery*—This account records charges for the operation of the Abitibi sturgeon fish catching project.

1924 Ontario lands agreement

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the Province of Ontario's share of the receipts from mineral activity on Indian reserves in accordance with the terms of the 1924 Ontario lands agreement. Payment of these funds to Indian bands is awaiting the reaching of an agreement between the Bands entitled to the funds and the Provincial government.

Treaty Land Entitlement (Saskatchewan) Fund

This account was established pursuant to section 21 of the *Financial Administration Act*, to record contributions and payments pertaining to settling of Saskatchewan Indian Nation's land claims. Interest credited on the Province of Saskatchewan deposits was charged to public debt while interest on federal contribution was charged to the expenditure of the Department of Indian Affairs and Northern Development.

Miscellaneous shared-cost agreements—Industry, Science and Technology

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts deposited by external parties for shared-cost projects. Moneys are disbursed on behalf of depositors as specific projects are undertaken.

Income from Patent Cooperation Treaty

This account was established pursuant to section 21 of the *Financial Administration Act*, and section 12(3) of the Patent Cooperation Treaty Regulations under the Patent Rules, to record the receipt and disposition of the various fees relating to applications for an international patent, in accordance with Rules 14, 15, 16 and 16^{bis} of the Regulations under the Income from Patent Cooperation Treaty.

Income from securities in trust—Bankruptcy and Insolvency Act

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy and Insolvency Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

Securities in trust—Bankruptcy and Insolvency Act

This account was established by section 67 of the *Bankruptcy and Insolvency Act*, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

Unclaimed dividends and undistributed assets—Bankruptcy and Insolvency Act

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy and Insolvency Act*, pending distribution to creditors.

Unclaimed dividends and undistributed assets—Canada Business Corporations Act

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets—Winding-up Act

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up Act*, pending distribution.

Queen's Fellowship fund—Social Sciences and Humanities Research Council

This fund is an endowment of \$250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The income is used for the payment of scholarships to graduate students in certain fields of Canadian studies.

Trust fund—Social Sciences and Humanities Research Council

This account was established pursuant to section 21 of the *Financial Administration Act*, to record receipts and disbursements of funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations and disbursements for the purpose of special projects.

Radarsat

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received for both cost-sharing and advance payments for Radarsat scenes.

Special fund—National Research Council of Canada

This account was established by the *National Research Council Act*, to record revenue received by the National Research Council of Canada in the amount of \$29,018,254, derived from laboratory fees, \$11,900,651; capital, \$2,350,000; information services, \$4,078,484; sales of publications, \$6,536,737; and, miscellaneous receipts, \$4,152,382. An amount of \$29,018,254 was charged hereto, of which an amount of \$26,668,254 was credited to National Research Council Vote 50, and \$2,350,000 to National Research Council Vote 55, to offset expenditures.

Trust fund—National Research Council of Canada

This account was established by the *National Research Council Act*, to record funds received from other governments and organizations outside the accounting entity, to cover expenditures made on their behalf.

Trust fund—Natural Sciences and Engineering Research Council

This account was established by the *Natural Sciences and Engineering Research Council Act (1978)* to record funds received from other governments and organizations, to cover expenditures made on their behalf, and to record this agency's liability to other organizations.

Advance payments—Statistics Canada

This account was established pursuant to section 21 of the *Financial Administration Act*, to record advance payments received from departments, agencies and others to finance the cost of special statistical services.

Child support—Shared-cost project

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received from provincial governments and territories in accordance with the agreement respecting the funding of the Federal/Provincial Child Support Guidelines Project.

Upon completion of the project, each province/territory will be reimbursed, on the basis of a prorata share and without interest, for its share of any unspent funds remaining in the account.

Federal Court special account

This account was established pursuant to section 21 of the *Financial Administration Act*, to maintain accounts on behalf of litigants before the Court. These accounts record the moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgment of the Court.

Foreign governments

These accounts were established pursuant to section 21 of the *Financial Administration Act*, to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

North Atlantic Treaty Organization (NATO)—Infrastructure projects

These accounts were established pursuant to section 21 of the *Financial Administration Act*, to record funds received from NATO to cover (a) NATO infrastructure projects implemented by Canada, and, (b) other expenditures to be made on NATO's behalf, in accordance with the terms of an agreement with the Government of Canada.

Non-government agencies

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

Canadian Sports Pool Corporation—Other outstanding liabilities

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys received at the dissolution of the Canadian Sports Pool Corporation which are to be used to pay any liabilities of the Corporation.

Miscellaneous federal/provincial projects—National Health and Welfare

This account was established pursuant to section 21 of the *Financial Administration Act*, to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial projects in the areas of hospital administration, hospital facilities design and other related health issues.

Pan American Health Organization (SIREVA)

This account was established pursuant to section 21 of the *Financial Administration Act*, to enhance the epidemiological and laboratory infrastructure in the regions for the diagnosis and surveillance of *S.pneumoniae*. At the end of the project, the participating laboratories should have acquired the capability to design, conduct and analyze epidemiological field studies, in particular as they relate to defining the nature and magnitude of *S.pneumoniae*, and the epidemiological surveillance network in the Americas should have been strengthened.

Safety evaluation of chemicals

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received and payments made to organizations and individuals providing services on behalf of the Scientific Group on Methodologies for the Safety Evaluation of Chemicals in accordance with the specific purposes identified by the Group.

During the year, this account was closed.

World Health Organization

This account was established pursuant to section 21 of the *Financial Administration Act*, to record funds received from the World Health Organization, for scientific projects.

Dyskinesia and torticollis research

This account was established by section 5(3) of the *Medical Research Council Act*, to record a bequest of \$75,000 made by an anonymous donor, to establish a fund for research in the fields of dyskinesia and torticollis. The interest received is used for the payment of research grants. Other donations are also credited to this fund.

Seized assets—Canadian funds

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys seized during the course of investigations and drug seizures under the Criminal Code of Canada and the *Narcotic Control Act*. The funds are held pending Court decisions.

Seized assets—US funds

This account was established pursuant to section 21 of the *Financial Administration Act*, to record moneys seized during the course of investigations and drug seizures under the Criminal Code of Canada and the *Narcotic Control Act*. The funds are held pending Court decisions.

Interest on bonds—Insurance companies

This account is credited with the proceeds from interest coupons on bonds deposited by insurance companies under the *Canadian and British Insurance Companies Act*. Debits represent the payment of the same interest to the insurance companies.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unutilized funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Petro-Canada Enterprises Inc—Shares

This account was established pursuant to section 21 of the *Financial Administration Act*, to record the liability to shareholders who have not presented their shares for payment.

Army benevolent fund

Pursuant to section 3 of the *Army Benevolent Fund Act*, this account was credited with certain canteen profits and other funds from World War II. Interest at the rate of 9.91 percent per annum is credited semi-annually for the period June 29, 1990 to June 28, 1995 on the minimum monthly balances.

Payments are made out of the fund to or for the benefit of World War II veterans or their dependents or the widows, children or other dependents of deceased veterans.

SUPPLEMENTARY STATEMENTS

Canada Pension Plan Account and the Canada Pension Plan Investment Fund

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The following financial statements have been prepared by Management of the Department of Human Resources Development in accordance with the accounting policies set out in Note 2 to the financial statements. The integrity and objectivity of the data and the estimates of importance in these financial statements are Management's responsibility. Management is also responsible for all other information in the annual Report on the Administration of the Canada Pension Plan and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund.

In support of its responsibility, Management develops and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, and to ensure that transactions are in accordance with the *Canada Pension Plan Act* and Regulations.

The Auditor General of Canada, the Canada Pension Plan external auditor, examines the financial statements and reports to the designated Minister of Human Resources Development.

W.E.R. Little
*Assistant Deputy Minister
Financial and Administrative Services*

Scott Serson
for the Deputy Minister

August 1, 1994

AUDITOR'S REPORT

TO THE MINISTER DESIGNATE OF HUMAN RESOURCES DEVELOPMENT

I have audited the statement of revenue, expenditures and balance of the Canada Pension Plan Account and the statement of purchases, redemptions and balance of the Canada Pension Plan Investment Fund for the year ended March 31, 1994. These financial statements are the responsibility of the management of the Department of Human Resources Development. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the balances of the Account and the Fund as at March 31, 1994 and the revenue and expenditures of the Account and the purchases and redemptions of the Fund for the year then ended in accordance with the accounting policies set out in Note 2 to the statements.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 1, 1994

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

CANADA PENSION PLAN ACCOUNT

STATEMENT OF REVENUE, EXPENDITURES AND BALANCE
FOR THE YEAR ENDED MARCH 31, 1994
(in thousands of dollars)

	1994	1993
Revenue		
Contributions—Employees, employers and self-employed	8,922,456	8,992,966
Interest (Note 3)	4,445,506	4,498,886
	<u>13,367,962</u>	<u>13,491,852</u>
Expenditures		
Benefits		
Retirement pensions	9,322,476	8,706,204
Disability pensions	2,442,578	2,087,394
Survivors' pensions	1,989,251	1,826,450
Disabled contributors' child benefits	240,534	192,385
Death benefits	215,651	198,939
Orphans' benefits	191,685	187,711
	<u>14,402,175</u>	<u>13,199,083</u>
Administration (Note 4)		
Benefit delivery and corporate services (Note 5)	100,463	75,430
Collection of contributions	57,281	62,687
Cheque issue and computer services	21,762	21,574
Accommodation	5,502	6,469
Assignment and maintenance of social insurance numbers	1,225	1,177
Actuarial services	533	430
	<u>186,766</u>	<u>167,767</u>
	<u>14,588,941</u>	<u>13,366,850</u>
(Decrease) Increase in balance	-1,220,979	125,002
Balance at beginning of year	42,172,093	42,047,091
Balance at end of year	<u>40,951,114</u>	<u>42,172,093</u>
Represented by:		
Canada Pension Plan Investment Fund	38,223,395	39,333,075
Operating balance on deposit with the Receiver General for Canada	2,727,719	2,839,018
	<u>40,951,114</u>	<u>42,172,093</u>

Contingencies (Note 8)

Approved by the Department of Human Resources Development:

W.E.R. LITTLE

Assistant Deputy Minister

Financial and Administrative Services

SCOTT SERSON

for the Deputy Minister

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

CANADA PENSION PLAN INVESTMENT FUND

STATEMENT OF PURCHASES, REDEMPTIONS AND BALANCE
FOR THE YEAR ENDED MARCH 31, 1994
(in thousands of dollars)

	Balance at beginning of year	Purchases	Redemptions	Balance at end of year
Investment in securities (Note 6)				
Provinces and territory				
Newfoundland	814,201		21,690	792,511
Prince Edward Island	177,525		4,343	173,182
Nova Scotia	1,488,714		43,767	1,444,947
New Brunswick	1,102,875		32,827	1,070,048
Quebec	142,843		8,133	134,710
Ontario	17,862,182		606,592	17,255,590
Manitoba	2,097,861		64,492	2,033,369
Saskatchewan	1,753,478		47,839	1,705,639
Alberta	4,822,689		110,433	4,712,256
British Columbia	5,561,536		161,657	5,399,879
Yukon Territory	3,726			3,726
	35,827,630		1,101,773	34,725,857
Canada	3,505,445		7,907	3,497,538
	39,333,075		1,109,680	38,223,395

Approved by the Department of Human Resources Development:

W.E.R. LITTLE

Assistant Deputy Minister

Financial and Administrative Services

SCOTT SERSON

for the Deputy Minister

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1994

1. (a) Description and authority

The Canada Pension Plan is a 1965 Act of Parliament, to establish a comprehensive program of old age pensions and supplementary benefits in Canada, payable to, and in respect of, contributors. This compulsory and contributory social insurance program (the Plan) enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. The Plan applies in all parts of Canada, except for the Province of Quebec which has a comparable plan.

The designated Minister of Human Resources Development is responsible for the administration of the Act other than Part I. The Minister of National Revenue is responsible under Part I for collecting contributions from employers and employees.

Under the existing Canada Pension Plan legislation, benefits and expenditures incurred in the administration of the Plan are financed from the contributions made by employees, employers and self-employed persons and from interest earned on the investment of funds not immediately needed for benefits and administrative costs.

The Canada Pension Plan Account (the Account) was established in the accounts of Canada by section 108.(1) of the *Canada Pension Plan* (Act) to record the contributions, interest, benefits and administration expenditures of the Plan. The authority to pay benefits under the Plan is limited to the balance of the Account which was \$40,951 million at March 31, 1994.

The Canada Pension Plan Investment Fund (the Fund) was established in the accounts of Canada by section 109.(1) of the *Canada Pension Plan* (Act) to record the investment in securities of the provinces, territories and Canada.

(b) Financing

The Canada Pension Plan is financed on a pay-as-you-go basis except for a contingency reserve, the Investment Fund, which is planned over time, to equal about two years of benefits.

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1994—Continued

Recognizing the need for higher rates of contributions, the legislation was amended in January 1987 to incorporate a 25-year schedule of contribution rates and a provision for its review every five years by the Minister of Finance and Ministers of the Crown from the included provinces. At each review the rates of the first 20 years are modified, if the Ministers agree, and the schedule is extended for an additional five years. Agreement is required by at least two-thirds of the included provinces having in the aggregate not less than two-thirds of the population of all of the included provinces. If the Ministers do not reach agreement at a five-year review, the five-year extension to the 25-year schedule is automatically set by the formula contained in the regulations.

For the 1994 and 1993 calendar years, the combined employer and employee contribution rates are 5.2 percent and 5.0 percent respectively, subject to maximum combined contributions of \$1,612 and \$1,505. Following their five-year review of the schedule of contribution rates, the Finance ministers agreed on annual increases in the combined employer and employee contribution rates of .20 percent for the calendar years 1992 to 1996 to reach 5.6 percent, .25 percent for calendar years 1997 to 2006 to reach 8.1 percent and .20 percent for calendar years 2007 to 2016 to reach 10.1 percent. The Canada Pension Plan was amended by Bill C-39 to incorporate these changes effective January 21, 1992. The next review of the 25-year schedule of contribution rates is required to take place prior to January 1, 1997.

The Fourteenth Actuarial Report prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions dated December 1991, projects that the desirable 2:1 ratio of the Canada Pension Plan Account balance the projected annual payments, will be maintained until 2002. This report, which was tabled in Parliament in April 1993, projects that the ratio will gradually decrease to 1.54:1 in 2030 and then gradually increase to re-establish the desirable 2:1 ratio in 2050.

2. Accounting policies

All financial transactions affecting the Canada Pension Plan Account and the Canada Pension Plan Investment Fund are governed by the *Canada Pension Plan* (Act) and Regulations.

(a) Canada Pension Plan Account

Contributions, interest, benefits and administration expenditures are recorded on a cash basis.

Contributions are based on an estimate of the amount to be collected that relates to the year and include adjustments between actual and estimated contributions of prior years.

Administration expenditures are based on an estimate of actual costs incurred during the year and include adjustments between actual and estimated expenditures of prior years.

(b) Canada Pension Plan Investment Fund

	1994	1993
	(in thousands of dollars)	
Interest on investment in securities held by the Fund:		
Provinces and territory		
Newfoundland	88,548	88,664
Prince Edward Island	19,303	19,269
Nova Scotia	163,281	163,827
New Brunswick	119,357	119,625
Quebec	14,569	14,911
Ontario	1,947,664	1,952,598
Manitoba	226,870	227,835
Saskatchewan	190,217	190,573
Alberta	523,881	526,494
British Columbia	611,692	608,223
Yukon Territory	360	360
Canada	3,905,742	3,912,379
	357,330	357,165
	4,263,072	4,269,544
Interest on short term investments (90 day term) with Canada	11,855	
Interest on operating balance on deposit with the Receiver General for Canada, at a weighted-average rate of 4.40 percent (1993—6.21 percent)	170,579	229,342
	4,445,506	4,498,886

All securities are carried at cost.

3. Interest

The weighted-average rate of interest on investment in securities held by the Fund during the year was 11.03 percent (1993—10.90 percent).

4. Administration

Expenditures of the Account represent the costs of services charged by the following federal government departments and agency: Human Resources Development Canada (benefit delivery and corporate services, and assignment and maintenance of social insurance numbers); Revenue Canada—Taxation (collection of contributions); Public Works and Government Services Canada (cheque issue, computer services, and accommodation); and the Office of the Superintendent of Financial Institutions (actuarial services).

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Concluded

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1994—Concluded

5. Benefit delivery and corporate services

These expenditures, charged to the Account by Human Resources Development Canada, include \$14.5 million (1993—\$10.5 million) for the Income Security Programs redesign project. At March 31, 1994, the cumulative charges to the Account for this project amounted to \$30.8 million. The Account's share of the total cost of the project is estimated to be \$126 million. The expected completion date is 1997.

6. Investment in securities

Operating balances on deposit with the Receiver General in excess of estimated cash requirements for the following three-month period are available for the purchase of securities of the provinces, territories and Canada. As required by the Canada Pension Plan, the monies available for security purchases are allocated to the provinces and territories based on the proportion of contributions credited to the Account during the preceding 10 years in respect of employment in a given province or a territory to the total contributions in those years. The portion attributed to certain other employees outside Canada continues to be invested in securities of Canada.

The securities of Quebec relate to the contributions of certain federal employees, such as members of the Canadian Armed Forces, who are residents in the Province of Quebec.

In 1993-94, there were no funds available for investment in securities of the provinces and territories.

All securities are non-negotiable and have a term of 20 years or lesser period as may be determined by the Minister of Finance on the recommendation of the Chief Actuary of the Office of the Superintendent of Financial Institutions.

7. Benefit overpayments

Canada Pension Plan Administration periodically undertakes studies of the extent and causes of benefit overpayments. The most recent study was completed in 1991. Based on the results of these studies, Canada Pension Plan Administration estimates that benefit overpayments are occurring at a rate estimated to be in excess of \$100 million a year. These overpayments occur as a result of administrative error and, to a significant degree, because of disability recipients who return to work without advising the Canada Pension Plan Administration.

When benefit overpayments occur, the Canada Pension Plan Administration is required to recover the amount from the recipient, or seek approval for write-off, in accordance with Section 66 of the *Canada Pension Plan* (Act). The systems and procedures in place are not sufficient to enable the Canada Pension Plan Administration to adequately identify overpayments, nor to adequately record, control, and collect the potential accounts receivable from recipients. As a result of these administrative inadequacies, the provisions of Section 66 are unable to be fully applied.

During the past year the Canada Pension Plan Administration launched projects to address the above deficiencies over the short and long terms. Overpayments ultimately collected will be credited to the Account when cash is received.

8. Contingencies

At March 31, 1994, there were 16,961 (1993—18,591) appeals at various stages within the Canada Pension Plan. The estimated claims for these appeals against the Plan are \$67 million (1993—\$140 million).

Government Annuities Account

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by the Account's management in accordance with generally accepted accounting principles consistently applied. Management is responsible for the integrity and objectivity of the information in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions comply with relevant authorities, assets are safeguarded and proper records are maintained.

The Account's management recognizes the responsibility of conducting its affairs in compliance with the *Government Annuities Act*, *Government Annuities Improvement Act* and regulations.

The Commission oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The financial statements have been reviewed and approved by the Commission.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Account and for issuing his report thereon.

Scott Serson
for the Chairperson

J. Mallen
*for the Assistant Deputy Minister
Financial & Administrative Services*

AUDITOR'S REPORT

TO THE MINISTER DESIGNATE OF HUMAN RESOURCES DEVELOPMENT

I have audited the balance sheet of the Government Annuities Account as at March 31, 1994 and the statements of operations and actuarial liabilities and changes in financial position for the year then ended. These financial statements are the responsibility of the Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at March 31, 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in my opinion, the transactions of the Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Government Annuities Act*, the *Government Annuities Improvement Act*, and the regulations.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 15, 1994

Government Annuities Account—Continued**REPORT OF THE ACTUARY**

I have valued the actuarial liabilities in the balance sheet of the Government Annuities Account at March 31, 1994 and their decrease in the Account's statement of operations for the year then ended, in accordance with accepted actuarial practice.

In my opinion, the evaluation is appropriate and the financial statements fairly present its results.

Michel Bédard
Fellow of the Canadian Institute of Actuaries
Chief Actuary
Human Resources Development Canada

Hull, Canada
July 15, 1994

BALANCE SHEET AS AT MARCH 31, 1994
(in thousands of dollars)

ASSETS	1994	1993	LIABILITIES	1994	1993
Deposit with Receiver General for Canada	684,891	724,751	Actuarial surplus due to Canada	1,893	1,832
Accrued interest due from Canada	50,793	53,683	Actuarial liabilities (Note 3)	733,953	776,750
Accounts receivable	162	148			
	735,846	778,582		735,846	778,582

Approved by the Canada Employment and Immigration Commission:

SCOTT SERSON
for the Chairperson

J. MALLEN
*for the Assistant Deputy Minister
Financial and Administrative Services*

Government Annuities Account—Continued

STATEMENT OF OPERATIONS AND ACTUARIAL LIABILITIES
FOR THE YEAR ENDED MARCH 31, 1994
(in thousands of dollars)

	1994	1993
Payments and other charges		
Annuity payments	90,311	92,652
Premium refunds	1,098	1,164
Unclaimed annuities	664	636
	92,073	94,452
Income		
Interest from Canada	50,793	53,683
Premiums	277	208
Other	99	90
	51,169	53,981
Excess of payments and other charges over income for the year	40,904	40,471
Actuarial liabilities, balance at beginning of the year	776,750	819,053
	735,846	778,582
Actuarial surplus	1,893	1,832
Actuarial liabilities, balance at end of the year (Note 3)	733,953	776,750
Actuarial liabilities are comprised of:		
Unmatured annuities, accumulated premiums and accrued interest	126,057	147,027
Matured annuities, present value	607,896	629,723
	733,953	776,750

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1994
(in thousands of dollars)

	1994	1993
Funds were used for:		
Operations		
Excess of payments and other charges over income for the year	40,904	40,471
Decrease in accrued interest and accounts receivable	-2,876	-2,920
	38,028	37,551
Actuarial surplus remitted to Consolidated Revenue Fund	1,832	2,679
Total funds used	39,860	40,230
Deposit with Receiver General for Canada, balance at beginning of the year	724,751	764,981
Deposit with Receiver General for Canada, balance at end of the year	684,891	724,751

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1994

1. Authority and purpose

The Government Annuities Account was established in 1908 by the *Government Annuities Act*, (the "Act"), as modified by the *Government Annuities Improvement Act* (the "Improvement Act").

The purpose of the Act was to assist individuals and groups of Canadians to provide for their later years by purchasing Government annuities. The *Improvement Act* increased the rate of return on Government annuity contracts to a rate of seven percent, increased their flexibility and discontinued future sales.

The Account is administered by the Canada Employment and Immigration Commission and operates through the Consolidated Revenue Fund.

2. Significant accounting policies**(a) Basis of accounting**

The accounts of the Government Annuities Account are maintained on an accrual basis.

(b) Actuarial liabilities

Actuarial liabilities comprise: (i) in respect of un-matured annuities, accumulated premiums and accrued interest and (ii) in respect of matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

(c) Actuarial surplus

At the end of any fiscal year, the recorded amount of actuarial liabilities may be different than the calculated amount of actuarial liabilities. The difference represents an actuarial surplus or deficit which is remitted to or recovered from the Consolidated Revenue Fund.

(d) Interest from Canada

Interest from Canada is calculated on actuarial liabilities as prescribed by the *Improvement Act*.

(e) Unclaimed annuities

Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

(f) Services provided without charge

The Account does not record the value of administrative services it receives without charge from the Canada Employment and Immigration Commission and other Government entities.

Government Annuities Account—Concluded

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1994—Concluded

3. Actuarial liabilities

The method utilized to calculate the actuarial liabilities of \$733,953,000 (1993—\$776,750,000) is in accordance with subsection 15(1) of the *Government Annuities Improvement Act* and the regulations pertaining thereto.

The Government Annuities Regulations provide that the Mortality Tables to be used in determining the values of annuities shall be the Annuity Tables for 1949 modified by Projection Scale C.

The Commission undertakes an annual review of mortality experience to monitor the appropriateness of the mortality tables for valuation purposes. The results of the last study, completed in April 1994, indicate that the mortality tables in use continue to be appropriate for such purposes.

4. Respective roles of the valuation actuary and of the auditor

In accordance with the Joint Policy Statement of the Canadian Institute of Chartered Accountants and the Canadian Institute of Actuaries, dated March 1991, it is appropriate to include a description of the respective roles of the actuary and of the auditor with the financial statements. Their respective roles are as follows:

- (a) The actuary, being in this case the Chief Actuary employed by the Canada Employment and Immigration Commission, determines and reports on the amount of actuarial liabilities for annuity contracts issued under the *Government Annuities Act*, as shown in the financial statements. This valuation is conducted in accordance with the Recommendations for Life Insurance Company Financial Reporting of the Canadian Institute of Actuaries. The Chief Actuary also determines that the method utilized to calculate the actuarial liabilities is in accordance with subsection 15(1) of the *Government Annuities Improvement Act* and the regulations pertaining thereto.
- (b) The auditor expresses an opinion on the fairness of financial statements prepared by management. The audit is conducted in accordance with generally accepted auditing standards issued by the Canadian Institute of Chartered Accountants.

**Royal Canadian Mounted Police (Dependants)
Pension Fund**

MANAGEMENT REPORT

The management of the Royal Canadian Mounted Police (Dependants) Pension Fund is responsible for the preparation of the financial statements. These financial statements have been prepared in accordance with generally accepted accounting principles. They include estimates that reflect management's best judgements.

Management is also responsible for developing and maintaining a system of internal control designed to provide reasonable assurance that all transactions are accurately recorded and that they comply with the relevant authorities, that the financial statements report the Fund's results of operations and financial situation and that its assets are safeguarded.

The Auditor General of Canada conducts an independent audit and expresses an opinion on the financial statements.

André Massé
*Coordinator
RCMP Services Office*

J.P.R. Murray
*Commissioner
Royal Canadian Mounted Police*

July 26, 1994

AUDITOR'S REPORT

TO THE SOLICITOR GENERAL OF CANADA

I have audited the statement of net assets available for benefits and accrued pension benefits of the Royal Canadian Mounted Police (Dependants) Pension Fund as at March 31, 1994 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at March 31, 1994 and the changes in net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 26, 1994

Royal Canadian Mounted Police (Dependants)**Pension Fund—Continued**STATEMENT OF NET ASSETS AVAILABLE FOR
BENEFITS AND ACCRUED PENSION BENEFITS
AS AT MARCH 31, 1994

	1994	1993
	\$	\$
Net assets available for benefits		
Due from the Consolidated Revenue Fund	23,951,391	22,649,767
Accrued pension benefits (Pension Obligations)		
Actuarial present value of accrued pension benefits (Note 3)	15,584,000	15,082,000
Excess of net assets available for benefits over actuarial present value of accrued pension benefits	8,367,391	7,567,767

Approved:

ANDRÉ MASSÉ

Coordinator

RCMP Services Office

J.P.R. MURRAY

Commissioner

STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED MARCH 31, 1994

	1994	1993
	\$	\$
Increase in assets		
Interest income on Due from the Consolidated Revenue Fund	2,371,971	2,301,292
Contributions from participants	15,888	16,211
Total increase in assets	2,387,859	2,317,503
Decrease in assets		
Benefits payments:		
Widows and children	1,086,235	985,362
Lump sum (estate)		144,685
Total decrease in assets	1,086,235	1,130,047
Increase in net assets	1,301,624	1,187,456
Net assets available for benefits at beginning of year	22,649,767	21,462,311
Net assets available for benefits at end of year	23,951,391	22,649,767

Royal Canadian Mounted Police (Dependants) Pension Fund—Continued

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1994

1. Description of the plan

The following brief description of the Royal Canadian Mounted Police (Dependants) Pension Fund is for general information only. For more complete information, reference should be made to the *Royal Canadian Mounted Police Pension Continuation Act* (the Act). All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

(a) General

The Royal Canadian Mounted Police (Dependants) Pension Fund was established in 1934 pursuant to the *Royal Canadian Mounted Police Act* and is currently operated under Part IV of the *Royal Canadian Mounted Police Pension Continuation Act* (effective 1959) and the related Regulations.

The Act provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, to purchase certain survivorship benefits for their dependants by payment of specified contributions.

(b) Funding policy

All eligible members have now retired and, as such, there are no more active members contributing to the Fund; however, many retired members are still making instalment payments in respect of previous elections made before their retirement.

Section 56 of the Act directs the Minister of Finance to have an actuarial valuation of the Fund prepared at least once every 5 years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase pensions. If there is an actuarial deficiency, the Governor in Council may direct that there be credited to the Fund, out of any unappropriated moneys in the Consolidated Revenue Fund, such amount as may be required to re-establish solvency of the Fund.

(c) Government contributions

So far the Government of Canada has not made, and was not required to make, any contributions to the Fund as a guarantor of its solvency. However, the Government of Canada credits the Fund with interest computed quarterly on the balance of the due from the Consolidated Revenue Fund at the end of the preceding quarter. The interest income corresponds to an annual rate of return of about 10.7 percent in 1994 (1993—10.9 percent).

(d) Basic death benefits

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has left them in the Fund.

i) Widows' pensions

The widow is entitled to the pension purchased by the member. In many cases the pension equals approximately 1.5 percent of the member's final pay multiplied by his years of credited service. The pension is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

ii) Eligible children's annuities

An annuity, not exceeding 7 percent of the member's final pay, is payable to each surviving child eligible in accordance with the provisions of the Act at that time. If there is no surviving widow or if the widow dies before the child's annuity ceases, the amount of the annuity doubles.

iii) Lump sum benefits

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit. The lump sum amount is equal to the actuarial present value of a pension to a hypothetical surviving widow 20 years older than the member at his death, but not exceeding 75 years of age.

iv) Benefit limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are reduced. This can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow. A similar limitation applies to a retired member who marries before age 60 and dies within 5 years after such marriage, unless the member satisfies the Commissioner he is in sound health.

(e) Dividends on death benefits

The Act also provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments to be made out of it, the Governor in Council may by order increase the benefits provided under Part IV, or any of them, in such manner as may appear equitable and expedient.

Royal Canadian Mounted Police (Dependants)**Pension Fund—Concluded**

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1994—Concluded

To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective. As a result, the pension payments made in the year included an increase of 460 percent (410 percent in 1993) of the basic pension amount.

(f) Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV and those of his dependants shall cease upon such election.

All returns of contributions are made without interest.

2. Significant accounting policies

(a) Basis of presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity independent of the sponsor and Fund members.

(b) Increases and decreases in assets are recorded on the accrual basis.

(c) Services provided without charge

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies. These services include the following:

- management and other support services from the Royal Canadian Mounted Police;
- actuarial valuation and other services from the Office of the Superintendent of Financial Institutions;
- accounting and cheque issue from Public Works and Government Services Canada; and,
- audit from the Office of the Auditor General.

3. Obligations for pension benefits

The most recent statutory actuarial valuation was made as at March 31, 1992 by the Director, Public Pensions Section of the Office of the Superintendent of Financial Institutions. The valuation disclosed an actuarial surplus of \$8,808,000. A portion, estimated at \$1,943,000, of this surplus was distributed by an increase in the basic pension amount of 50 percent effective on April 1, 1993 and a further increase of 50 percent effective on April 1, 1994. A further \$59,000 was used to increase lump sum benefit payments.

The remaining \$6,806,000 balance of the actuarial surplus was intended to be used over the remaining life of the Fund for the payment of increases (averaging 5 percent annually) in the pension benefits. The remaining life of the Fund was estimated at 46 years at the end of the year. The average age of the members and widows was about 71 and 73 years old respectively as at March 31, 1992 and the expected average number of years of benefits payments to the current widows was about 13 years.

The obligations for pension benefits are determined on an actuarial basis and incorporate the actuary's best estimates of future interest rates, mortality rates, proportion of members married, and age of new widows. Current interest rates are blended gradually into long-term interest rates. The expected long-term interest rate beginning in nine years (for year 2003) is estimated to be 6 percent on new money. Minor variations in any of these assumptions can result in a significantly higher, or lower, estimate of the liability.

The results of the 1992 valuation were extrapolated to March 31, 1994. The actuarial present value of accrued pension benefits as at March 31, 1994 (net after deduction of \$83,000 (\$85,000 in 1993) representing the present value of participants' future instalment payments) and the principal components of changes in the actuarial present value during the year were estimated as follows:

	1994	1993
	(in thousands of dollars)	
Actuarial present value of accrued pension benefits at beginning of year ..	15,082	17,320
Net adjustment arising from experience gains and losses and from other changes in actuarial assumptions as at March 31, 1992		-4,666
Amendments to the plan, including dividend increases		2,002
Net interest accrued on benefits	1,573	1,540
Contributions from participants (instalment payments)	15	16
Benefits payments	-1,086	-1,130
Actuarial present value of accrued pension benefits at end of year	15,584	15,082



SECTION 8

1993-94

PUBLIC ACCOUNTS

Other Liabilities

CONTENTS

	<i>Page</i>
Interest and matured debt	8.4
Accounts payable and accrued liabilities	8.5
Outstanding cheques and warrants	8.6
Allowance for employee benefits	8.6
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government	8.6

NOTE TO READER

Major reorganizations were made to the structure and names of certain ministries in 1993-94. For details of these changes, please refer to the **Introduction** at the beginning of this volume.

OTHER LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities under "Other Liabilities". The establishment and operation of these accounts is authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent current liabilities set up at year end under the authority granted to the President of the Treasury Board in the *Financial Administration Act*.

Table 8.1 presents the year-end balances for other liabilities. Chart 8A presents other liabilities by category for the current fiscal year, while Chart 8B compares other liabilities for the last ten fiscal years.

The tables in this section present the continuity of accounts, by showing the opening and closing balances.

TABLE 8.1

OTHER LIABILITIES

	April 1/1993	March 31/1994
	\$	\$
Interest and matured debt, Table 8.2	5,866,011,720	6,465,612,502
Accounts payable and accrued liabilities, Table 8.3	11,826,715,130	15,690,878,063
Outstanding cheques and warrants, Table 8.4	3,228,593,487	4,014,770,712
Allowance for employee benefits	3,150,000,000	3,420,000,000
Add: consolidation adjustment ⁽¹⁾	135,000,000	135,000,000
	3,285,000,000	3,555,000,000
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government, Table 8.5	3,560,000,000	3,885,000,000
Total	27,766,320,337	33,611,261,277

⁽¹⁾ Additional information on the consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 1 of this volume).

CHART 8A
OTHER LIABILITIES BY CATEGORY FOR 1993-94

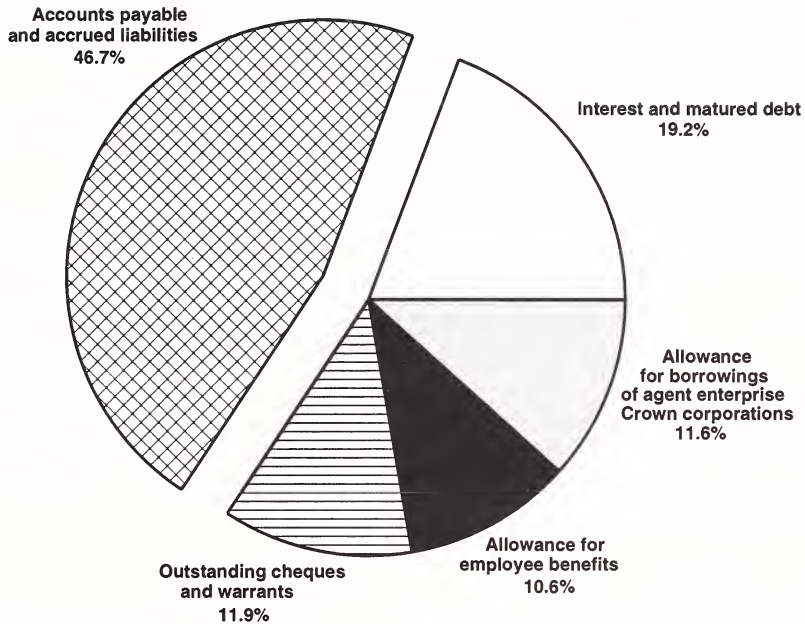
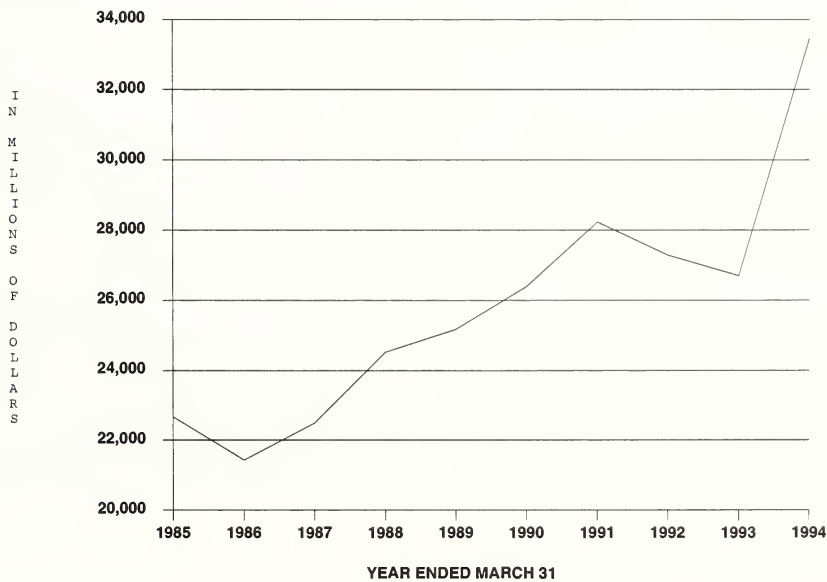


CHART 8B
OTHER LIABILITIES



Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued, matured debt and unamortized discounts, premiums and commissions pertaining to the issue of unmatured debt.

Table 8.2 presents a summary of the balances for the accounts in this category of other liabilities.

TABLE 8.2

INTEREST AND MATURED DEBT

	April 1/1993	March 31/1994
	\$	\$
Interest due	3,866,821,410	3,608,966,528
Interest accrued	5,782,881,860	5,443,092,692
Matured debt	372,327,158	320,394,200
	<i>10,022,030,428</i>	<i>9,372,453,420</i>
Less: unamortized discounts on Canada bills	14,342,874	25,025,840
unamortized discounts on Treasury bills	2,961,598,834	2,260,247,008
unamortized discounts and premiums on marketable bonds	1,078,020,000	541,073,669
unamortized commissions on Canada savings bonds	102,057,000	80,494,401
	<i>4,156,018,708</i>	<i>2,906,840,918</i>
Total	5,866,011,720	6,465,612,502

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to non-tax revenue if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier; the minimum time before such a transfer is made is 5 years from the date of maturity.

Unamortized discounts on Canada bills

This account records the portion of the discounts on outstanding Canada bills which has not yet been charged to expenditure. Discounts are amortized to expenditure over the life of the bills.

Unamortized discounts on Treasury bills

This account records the portion of the discounts on outstanding Treasury bills which has not yet been charged to expenditure. Discounts are amortized to expenditure over the life of the bills.

Unamortized discounts and premiums on marketable bonds

This account records the portion of the discounts and premiums on outstanding marketable bonds which has not yet been charged to expenditure. Discounts and premiums are amortized to expenditure over the life of the bonds.

Unamortized commissions on Canada savings bonds

This account records the portion of the commissions on outstanding Canada savings bonds which has not yet been charged to expenditure. Commissions are amortized to expenditure over the life of the bonds.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities includes accounts payable, an allowance for loan guarantees, miscellaneous departmental payroll deductions, borrowings of consolidated Crown corporations, suspense accounts and other accounts.

Table 8.3 presents a summary of the balances for the accounts in this category of other liabilities.

TABLE 8.3**ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	April 1/1993	March 31/1994
	\$	\$
Accounts payable	10,399,031,752	14,209,818,282
Add: consolidation adjustment ⁽¹⁾	387,501,000	403,603,000
	10,786,532,752	14,613,421,282
Allowance for loan guarantees	995,000,000	1,045,000,000
Miscellaneous departmental payroll deductions	24,971,114	1,530,598
Borrowings of consolidated Crown corporations ⁽¹⁾		8,065,000
Suspense accounts	20,118,236	22,662,377
Other	93,028	198,806
Total	11,826,715,130	15,690,878,063

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 1 of this volume).

Accounts payable

This account records amounts owing at the year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, relating to appropriations on which Parliament has imposed annual ceilings, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations.

Allowance for loan guarantees

This account records potential losses on loan guarantees when it is likely that a payment will be made in the future to honour a guarantee and when the amount of the loss can be reasonably estimated.

Miscellaneous departmental payroll deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

Borrowings of consolidated Crown corporations

This account records the unconditional obligations of the Government for the consolidated Crown corporations.

Suspense accounts

Accounts in which transactions are recorded temporarily, pending their ultimate disposition.

Other

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

Outstanding Cheques and Warrants

This account records cheques and warrants issued but not yet presented for payment.

Table 8.4 presents a summary of the balances for the accounts in this category of other liabilities.

TABLE 8.4

OUTSTANDING CHEQUES AND WARRANTS

	April 1/1993	March 31/1994
	\$	\$
Outstanding cheques	2,814,362,085	3,633,805,422
Imprest account cheques	494,048	470,569
Unemployment insurance warrants	413,737,354	380,494,721
Total	3,228,593,487	4,014,770,712

Outstanding cheques

Cheques issued in Canadian dollars, and unpaid at March 31, are recorded in this account. Cheques outstanding for 10 years are transferred to non-tax revenue. During the year, an amount of \$9,218,018 was transferred to non-tax revenue.

Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

Imprest account cheques

Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to non-tax revenue), are recorded in this account. During the year, an amount of \$499,358 was transferred to non-tax revenue.

Unemployment insurance warrants

This account records outstanding Unemployment insurance benefit warrants.

Allowance for Employee Benefits

This account records allowances for amounts owing for earned and unpaid annual vacation leave and compensation time, for employee benefits payable upon termination of employment and for unsigned pay adjustments.

Allowance for Borrowings of Agent Enterprise Crown Corporations Expected to be Repaid by the Government

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government.

This account reports the borrowings of agent enterprise Crown corporations expected to be repaid by the Government (see Table 6.6 in Section 6 of this volume).

Table 8.5 presents a summary of the balances for this account.

TABLE 8.5

ALLOWANCE FOR BORROWINGS OF AGENT ENTERPRISE CROWN CORPORATIONS EXPECTED TO BE REPAYED BY THE GOVERNMENT

	April 1/1993	March 31/1994
	\$	\$
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government—		
Borrowings of agent enterprise Crown corporations	18,582,549,000	21,324,664,000
Less: borrowings expected to be repaid by these enterprise Crown corporations	15,022,549,000	17,439,664,000
Total	3,560,000,000	3,885,000,000

SECTION 9

1993-94

PUBLIC ACCOUNTS

Foreign Exchange Accounts

CONTENTS

	<i>Page</i>
International reserves held in the Exchange Fund Account . . .	9.3
International Monetary Fund—Subscriptions	9.4
International Monetary Fund—Notes payable	9.4
Special Drawing Rights allocations	9.4
Supplementary statement—	
Exchange Fund Account	9.5

NOTE TO READER

Major reorganizations were made to the structure and names of certain ministries in 1993-94. For details of these changes, please refer to the **Introduction** at the beginning of this volume.

FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Net gains resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are credited to revenue, and net losses are charged to budgetary expenditure of the Department of Finance.

TABLE 9.1

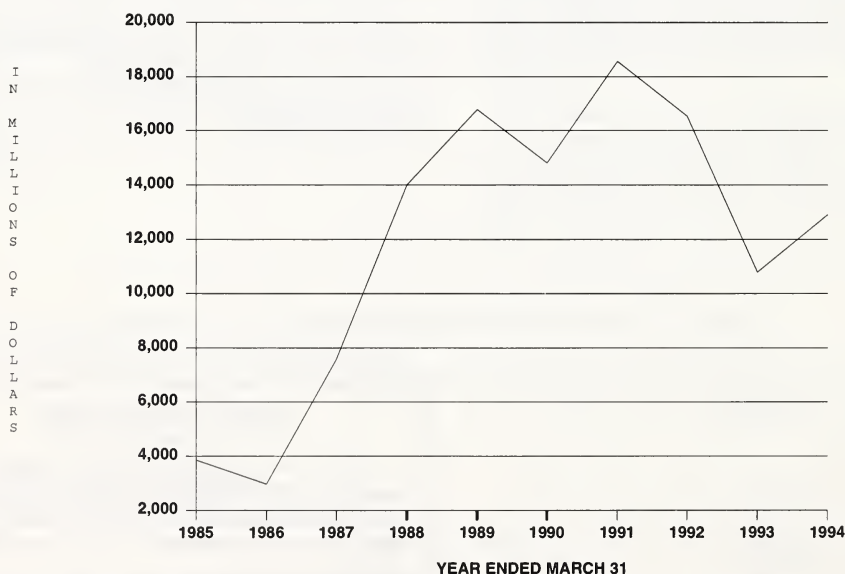
FOREIGN EXCHANGE ACCOUNTS

	April 1/1993	Payments and other charges	Receipts and other credits	March 31/1994
	\$	\$	\$	\$
International reserves held in the Exchange Fund				
Account	10,878,921,069	97,411,012,576	95,134,478,326	13,155,455,319
International Monetary Fund—Subscriptions	7,599,580,512	843,711,387		8,443,291,899
	18,478,501,581	98,254,723,963	95,134,478,326	21,598,747,218
Less: International Monetary Fund—Notes payable	6,310,317,522	558,601,541	1,399,142,025	7,150,858,006
Special Drawing Rights allocations	1,370,802,282		152,187,544	1,522,989,826
	7,681,119,804	558,601,541	1,551,329,569	8,673,847,832
Total foreign exchange accounts	10,797,381,777	98,813,325,504	96,685,807,895	12,924,899,386

Table 9.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to \$10,668 million as at March 31, 1994 (\$5,409 million as at March 31, 1993); details relating to these obligations are presented in Section 10 of this volume. Chart 9A compares the net foreign exchange accounts for the last ten fiscal years.

CHART 9A

NET FOREIGN EXCHANGE ACCOUNTS



International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and Special Drawing Rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each calendar year. The financial statements as at December 31, 1993, together with the Auditor General's report thereon, are found at the end of this section.

Table 9.2 shows foreign exchange reserves held by and advances to the Exchange Fund Account as at March 31, 1994. Gold held by the Account is valued at 35 SDRs per fine ounce (\$68.40 Cdn as at March 31, 1994 and \$61.57 Cdn as at March 31, 1993).

In 1993-94, payments and other charges consisted of advances to the Exchange Fund Account in the amount of \$96,313 million, a valuation adjustment of \$441 million and an adjustment of \$657 million to recognize the net income of the Exchange Fund Account for the period January 1 to March 31. Receipts and other credits consisted of repayments of advances of \$95,134 million.

TABLE 9.2

INTERNATIONAL RESERVES HELD IN THE EXCHANGE FUND ACCOUNT

(in millions of dollars)

	March 31/ 1994	March 31/ 1993
US cash on deposits	320	114
US dollar short-term deposits	2,220	2,657
US dollar investments	7,983	4,544
Deutsche marks cash on deposits	175	3
Deutsche marks short-term deposits	180	316
Japanese yen cash on deposits	(1)	7
Japanese yen short-term deposits	358	1,329
Special Drawing Rights	1,528	1,344
Gold	391	564
Canadian cash on deposits	(1)	1
Total	13,155	10,879
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollars (1994, \$7,711 million US; 1993, \$3,776 million US)	10,668	4,752
Japanese yen (1994, Y nil; 1993, Y 60,000 million)		658
Special Drawing Rights (1994, SDR 38 million; 1993, SDR 38 million)	75	67
Canadian dollar deposit with the Receiver General for Canada	1,755	5,027
Total advances from the Consolidated Revenue Fund	12,498	10,504
Total net income from January 1 to March 31	657	375
Total	13,155	10,879

(1) Less than \$500,000.

International Monetary Fund—Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of the SDR, a unit of account defined in terms of a "basket" of five major currencies.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars.

In 1993-94, payments and other charges consisted of a maintenance of value adjustment of \$732 million and a valuation adjustment of \$112 million.

International Monetary Fund—Notes Payable

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 1993-94, notes payable to the IMF increased by \$841 million.

Special Drawing Rights Allocations

This account records the value of SDRs allocated to Canada by the IMF. The Special Drawing Right is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 1993-94, receipts and other credits consisted of a valuation adjustment of \$152 million.

SUPPLEMENTARY STATEMENT

Exchange Fund Account

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Responsibility for the financial statements of the Exchange Fund Account and all other information presented in this Annual Report rests with the Department of Finance. The operation of the Account is governed by the provisions of Part II of the *Currency Act*. The Account is administered by the Bank of Canada as fiscal agent.

The financial statements were prepared in accordance with the stated accounting policies of the Government of Canada set out in Note 2 to the financial statements. These policies were applied on a basis consistent with that of the preceding year.

The Department of Finance establishes policies for Exchange Fund Account transactions and investments, and related accounting activities. It also ensures that the Account's activities comply with the statutory authority of the *Currency Act*.

The Bank of Canada effects transactions for the Account and maintains records, as required to provide reasonable assurance regarding the reliability of the financial statements. The Bank reports to the Department of Finance on the financial position of the Account and on the results of its operations.

The Auditor General of Canada conducts an independent audit of the financial statements of the Account and reports the results of his audit to the Minister of Finance.

The Annual Report of the Account is tabled in Parliament along with the financial statements, which are part of the Public Accounts, and are referred to the Standing Committee on Public Accounts for their review.

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of the Exchange Fund Account as at December 31, 1993 and the statement of revenues due to the Consolidated Revenue Fund for the year then ended. These financial statements are the responsibility of the Department of Finance. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Department of Finance, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at December 31, 1993 and the revenues due to the Consolidated Revenue Fund for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 2 to the financial statements.

Further, in my opinion, the transactions of the Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of Part II of the *Currency Act*.

D. Larry Meyers, FCA
Deputy Auditor General
for the Auditor General of Canada

Approved:

GORDON THIESSEN
Governor
Bank of Canada

D.A. DODGE
Deputy Minister
Department of Finance

JOHN MURRAY
Chief, International Department
Bank of Canada

Ottawa, Canada
February 28, 1994

Exchange Fund Account—Continued

BALANCE SHEET AS AT DECEMBER 31, 1993
(in millions of dollars)

ASSETS	1993		1992		LIABILITIES	1993		1992	
	US	C	US	C		C		C	
Denominated in US dollars					Due to the Consolidated Revenue Fund				
Cash and short-term deposits ...	2,451	3,240	1,788	2,273	Advances (Note 9)	8,136		5,919	
Marketable securities (Note 3) ..	3,825	5,055	2,626	3,338	Revenues for the year	2,634		3,548	
	6,276	8,295	4,414	5,611					
Denominated in other foreign currencies									
Cash and short-term deposits (Note 4)	156	206	412	523					
Marketable securities (Note 5) ..	353	466	1,091	1,387					
	509	672	1,503	1,910					
Denominated in special drawing rights									
Special drawing rights (Note 6) .	1,071	1,416	1,051	1,336					
Gold (Note 7)	292	386	479	609					
	1,363	1,802	1,530	1,945					
Official international reserve assets (Note 8)	8,148	10,769	7,447	9,466					
Denominated in Canadian dollars									
Cash		1		1					
		10,770		9,467					
						10,770		9,467	

Commitments (Note 10)

Approved:

GORDON THIESSEN

Governor
Bank of Canada

D.A. DODGE

Deputy Minister
Department of Finance

JOHN MURRAY

Chief, International Department
Bank of Canada

Exchange Fund Account—Continued

STATEMENT OF REVENUES DUE TO THE CONSOLIDATED
REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 1993
(in millions of Canadian dollars)

	1993	1992
Investment income		
Marketable securities	347	752
Cash and short-term deposits	105	211
Special drawing rights	63	116
Gold	12	8
	527	1,087
Other income		
Gain on sales of gold	1,561	1,078
Net foreign exchange gains (Note 11)	546	1,383
	2,107	2,461
Revenues for the year due to the Consolidated Revenue Fund (Note 2 (f)) ..	2,634	3,548

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1993

1. Authority and objective

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act* (the Act). The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account.

An Act to amend the *Currency Act* became law on June 23, 1993. The amendments updated and clarified the investment authority of the Minister of Finance with respect to the management of the Account's assets and the use of financial instruments.

The main objective of the Account is to aid in the control and protection of the external value of the Canadian dollar, and the Minister acquires or sells for the Account those assets which are deemed appropriate for this purpose in accordance with the Act.

2. Significant accounting policies

The following accounting policies, which conform to the stated accounting policies of the Government of Canada as used in Public Accounts, have been applied on a basis consistent with that of the preceding year.

(a) Valuation of assets

Marketable securities are adjusted for amortized premiums or discounts where applicable. Marketable securities, short-term deposits and special drawing rights (SDRs) include accrued interest. The SDR is a unit of account issued by the International Monetary Fund (IMF), and its value is determined in terms of a basket of five major currencies.

Gold includes gold loans and accrued interest on gold loans. Gold is held in the Account at a value of 35 SDRs per fine ounce.

(b) Translation of foreign currencies and SDRs

Investment income in foreign currencies and SDRs is translated into Canadian dollars at the foreign exchange rates prevailing on the date the income is recorded.

Net foreign exchange gains or losses result from the translation of foreign currency balances and transactions throughout the year.

Assets and liabilities denominated in foreign currencies and SDRs are translated into Canadian and US dollar equivalents at year-end market exchange rates, which were as follows:

	1993	1992
US dollar	1.321700	1.270900
Japanese yen	0.011820	0.010180
Deutsche mark	0.759800	0.784300
Special drawing right	1.818570	1.747491

(c) Investment income

Investment income is recorded on an accrual basis and includes interest earned, amortization of premiums and discounts, and gains and losses on the sale of marketable securities.

(d) Disposition of revenues

The revenues for the year are payable to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the year in accordance with the Act.

(e) Services received without charge

The Account receives, without charge, administrative, custodial and fiscal agency services from the Bank of Canada.

(f) Interest free advances

The Account receives interest-free advances from the Consolidated Revenue Fund.

3. Marketable securities denominated in US dollars

	1993		1992	
	US	C	US	C
(in millions of dollars)				
US Government securities	3,608	4,769	2,300	2,924
Sovereign paper			100	127
International Bank for Reconstruction and Development bonds	196	258	218	277
Accrued interest	21	28	8	10
	3,825	5,055	2,626	3,338

Estimated market value at year end:

1993—US\$ 3,831 million (C\$ 5,063 million)

1992—US\$ 2,633 million (C\$ 3,346 million)

Exchange Fund Account—Continued

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1993—Continued

4. Cash and short-term deposits denominated in other foreign currencies

	1993		1992	
	US	C	US	C
	(in millions of dollars)			
Japanese yen	5	6	40	50
Deutsche marks	150	199	372	473
Accrued interest	1	1		
	156	206	412	523

5. Marketable securities denominated in other foreign currencies

	1993		1992	
	US	C	US	C
	(in millions of dollars)			
German Treasury discount paper	103	136		
Japanese government securities	250	330	1,091	1,387
	353	466	1,091	1,387

Estimated market value at year end:

1993—US\$ 353 million (C\$ 467 million)

1992—US\$ 1,091 million (C\$ 1,387 million)

6. Special drawing rights

	1993	1992
	(in millions of SDRs)	
Held at the end of the year	773	756
Accrued interest	5	9
	<hr/> 778	<hr/> 765

	1993		1992	
	US	C	US	C
	(in millions of dollars)			
Held at the end of the year ...	1,064	1,406	1,039	1,320
Accrued interest	7	10	12	16
	1,071	1,416	1,051	1,336

7. Gold

	1993	1992
	(in thousands of fine ounces)	
Held at the beginning of the year		
Gold	6,211	10,026
Gold loans	3,732	2,937
	9,943	12,963
Sold during the year	3,890	3,020
Held at the end of the year	6,053	9,943
Composed of		
Gold	3,615	6,211
Gold loans	2,438	3,732
	6,053	9,943

	1993		1992	
	US	C	US	C
	(in millions of dollars)			
Held at the end of the year				
Gold	174	230	299	380
Gold loans	117	155	179	228
Accrued interest on gold loans	1	1	1	1
	292	386	479	609

The book value, market value (based on London fixings), and approximate Canadian dollar cost of gold and gold loans at historical rates of exchange, excluding accrued interest on gold loans, at year end are:

	1993		1992	
	Price per fine ounce	Total value in millions	Price per fine ounce	Total value in millions
Book value—US\$	48.15	291	48.13	479
—C\$	63.65	385	61.17	609
Market value—US\$	390.65	2,365	332.90	3,310
—C\$	516.32	3,125	423.08	4,207
Approximate historical cost—C\$	36.91	223	36.91	367

The Minister of Finance has authorized loans and/or sales, at market prices, of part of the gold held by the Account, to the Royal Canadian Mint and others.

Exchange Fund Account—Continued

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1993—Continued

8. Official international reserve assets

The Account is the principal repository of Canada's official international reserves. Reserves are comprised of the Account's foreign assets, of deposit balances in foreign currencies held by the Receiver General (or CRF) and by the Bank of Canada, and of Canada's reserve position in the International Monetary Fund. At December 31, 1993 total reserves, as published by the Department of Finance, amounted to US\$ 12.8 billion (1992—US\$ 11.9 billion) of which the Account accounted for US\$ 8.1 billion (1992—US\$ 7.4 billion). The remaining US\$ 4.7 billion (1992—US\$ 4.5 billion) was held by the Bank of Canada and the CRF.

9. Due to the Consolidated Revenue Fund—Advances

The Account is funded by advances from the CRF. These are currently limited to C\$ 25 billion by Order in Council dated June 30, 1988. The CRF does not charge interest on advances to the Account. At year end, advances from (to) the CRF consisted of:

	1993	1992
	(in millions of Canadian dollars)	
US dollars	8,731	3,168
Canadian dollars	-665	2,073
Special drawing rights	70	67
Japanese yen		611
	<u>8,136</u>	<u>5,919</u>

The proceeds of Canada's borrowings in foreign currency and allocations of SDRs by the IMF have been advanced from the CRF to the Account. Repayments of foreign currency debt are made using the resources of the Account. Interest payable by Canada on borrowings in foreign currencies and charges on SDR allocations to Canada are charged directly to the CRF.

10. Commitments

(a) Currency swaps

The Account enters into short-term currency swap arrangements with the Bank of Canada and with major financial institutions. The objective of swaps with the Bank of Canada is to assist the Bank in its cash management operations while the objective of swaps with financial institutions is to assist the Government in managing its domestic cash balances in a more cost-effective manner. Under these agreements, the Account

sells US dollars for Canadian dollars, with simultaneous agreements to repurchase US dollars on future dates at predetermined exchange rates. Swaps with the Bank of Canada are unwound at the same exchange rates as those used in the initial sales, while the rates used in swaps with financial institutions reflect the premium or discount prevailing in the market at the time the swaps were entered into. These swaps result in decreases in the Account's foreign currency assets and in the level of advances from the CRF. The effect is reversed when the swaps mature. Net foreign exchange gains or losses on currency swaps are recorded at maturity using exchange rates prevailing at that time.

At year end, the Account had the following commitments to repurchase US dollars under swap arrangements:

	1993		1992	
	US	C	US	C
	(in millions of dollars)			
Bank of Canada	3,529	4,702	3,314	4,208
Financial institutions	600	797		
	<u>4,129</u>	<u>5,499</u>	<u>3,314</u>	<u>4,208</u>

(b) Uncompleted transactions

At year end, the Account had short-term commitments for net purchases of US\$ 211 million (1992—net sales of US\$ 87 million) against C\$ 280 million (1992—C\$ 111 million).

(c) Gold options

During the year, the Minister of Finance authorized the sale of call options on part of the Account's gold holdings. Under such transactions, the Account receives a premium against commitments to sell gold, at predetermined prices, on the expiry date of the options which can be exercised at the holder's discretion. No gold is sold unless the holders of the options exercise their right on the expiry dates.

At year end, the Account had commitments to sell 120,000 (1992—20,000) fine ounces of gold, under short-term call option contracts with a total value of US \$ 49 million (1992—US\$ 7 million).

Exchange Fund Account—ConcludedNOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1993—Concluded

11. Net foreign exchange gains (losses)

	1993			1992
	Assets	Liabilities	Net	Net
(in millions of Canadian dollars)				
Assets and liabilities denominated in:				
US dollars	509	-147	362	986
Japanese yen	213	-96	117	211
Deutsche marks	-8		-8	77
Swiss francs				-1
Special drawing rights	77	-2	75	110
	791	-245	546	1,383

12. Related party transactions

The Account is related in terms of common ownership to Government of Canada departments, agencies and Crown corporations. It effects transactions with such entities in the normal course of business.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

SECTION 10

1993-94

PUBLIC ACCOUNTS

Unmatured Debt

CONTENTS

	<i>Page</i>
Marketable bonds	10.4
Canada savings bonds	10.9
Special non-marketable bonds	10.10
Treasury bills	10.11
Canada bills	10.12
Supplementary statements—	
Interest rates	10.13
Maturity of Government debt	10.14
Statement of all borrowing transactions on behalf of Her Majesty	10.15

NOTE TO READER

Major reorganizations were made to the structure and names of certain ministries in 1993-94. For details of these changes, please refer to the **Introduction** at the beginning of this volume.

UNMATURED DEBT

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as issues and retirements.

Table 10.1 presents the transactions and year-end balances of unmatured debt. Chart 10A presents unmatured debt by category for the current fiscal year while Chart 10B compares unmatured debt for the last ten fiscal years.

TABLE 10.1

UNMATURED DEBT

	April 1/1993	Issues	Retirements	March 31/1994
	\$	\$	\$	\$
Payable in Canadian currency—				
Marketable bonds, Table 10.2	178,464,588,182	45,875,151,000	20,894,997,307	203,444,741,875
Canada savings bonds, Table 10.3	34,369,139,100	5,391,139,862	8,429,426,110	31,330,852,852
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund, Table 10.4	3,505,445,000	1,017,453,000	1,025,360,000	3,497,538,000
Treasury bills, Table 10.5	162,050,000,000	390,500,000,000	386,550,000,000	166,000,000,000
	378,389,172,282	442,783,743,862	416,899,783,417	404,273,132,727
Less: Government's holdings of unmatured debt—				
Marketable bonds	52,984,000			52,984,000
Canada savings bonds held on account of employees	106,449,095	189,770,636	200,501,174	95,718,557
Canada savings bonds held on account of the Payroll Savings Plan	832,209,500	1,213,539,500	1,284,818,000	760,931,000
Consolidation adjustment ⁽¹⁾	65,909,000		9,493,000	56,416,000
	1,057,551,595	1,403,310,136	1,494,812,174	966,049,557
	377,331,620,687	441,380,433,726	415,404,971,243	403,307,083,170
Payable in foreign currencies—				
Marketable bonds, Table 10.2	2,857,522,190	2,970,509,374	808,589,802	5,019,441,762
Canada bills, Table 10.6	2,551,884,361	19,613,251,641	16,516,352,541	5,648,783,461
	5,409,406,551	22,583,761,015	17,324,942,343	10,668,225,223
Total unmatured debt	382,741,027,238	463,964,194,741	432,729,913,586	413,975,308,393

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 10.10.

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 1 of this volume).

CHART 10A
UNMATURED DEBT BY CATEGORY FOR 1993-94

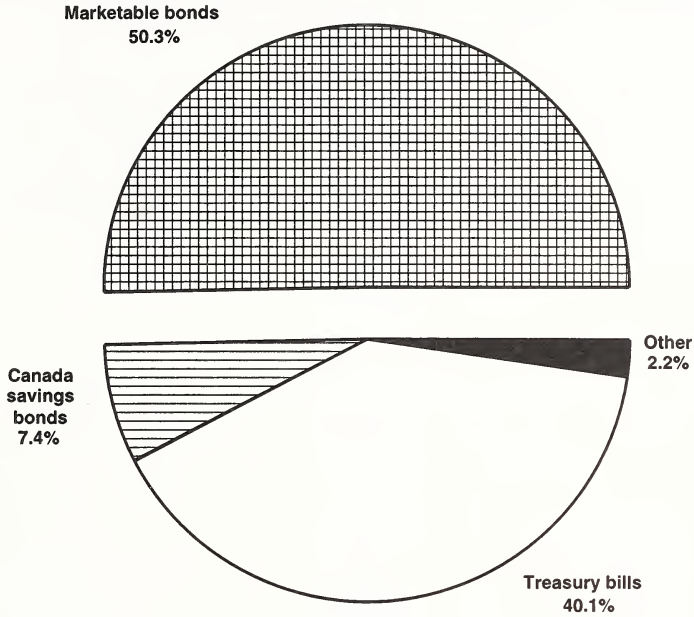
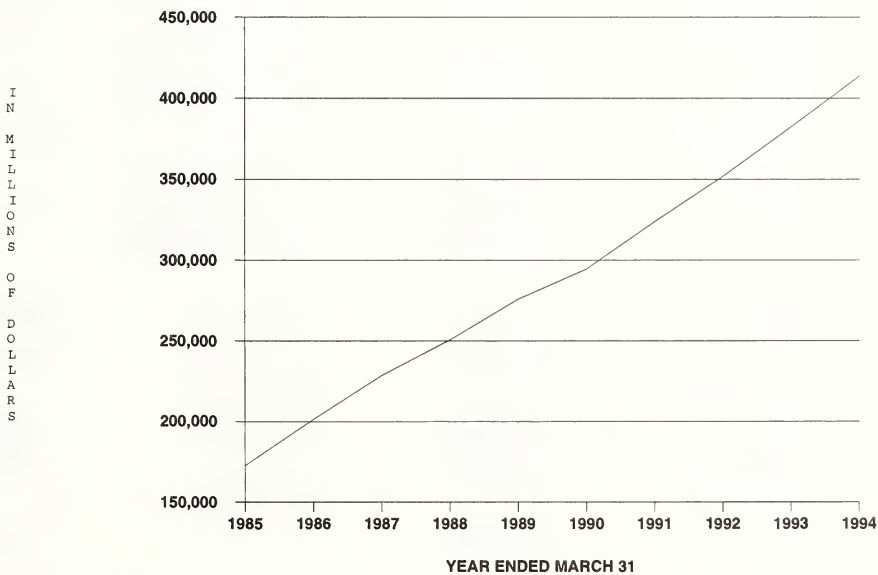


CHART 10B
UNMATURED DEBT



Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to call or redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and,
- face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 10.2 presents a summary of the balances and transactions for marketable bonds. Since most of the marketable bonds are not subject to call or redemption before maturity, exceptions only are noted in the table.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1994.

TABLE 10.2

MARKETABLE BONDS

Maturity date	%	Issue date	Series	April 1/1993	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1994
				\$	\$	\$	\$
Payable in Canadian currency—							
Matured 1993-94							
1993—Apr 1	10.25	Jan 25/90-Feb 1/90	A29	925,000,000		925,000,000	
May 1	10.75	May 15/83-June 21/83					
		Nov 5/87-Mar 15/89					
		Mar 15/90	H3	1,725,000,000		1,725,000,000	
June 1	15.25	June 1/81-July 31/81	J65	895,006,000		895,006,000	
June 6	9	June 6/91	A44	1,350,000,000		1,350,000,000	
July 1	8.75	Feb 18/88-Mar 15/88					
		May 5/88	A13	1,625,000,000		1,625,000,000	
July 1	14.75	July 1/81	J69	445,459,000		445,459,000	
Sept 1	9.5	June 23/88-July 21/88					
		Oct 15/88-Oct 31/88					
		Dec 15/88-Oct 19/89					
		Dec 15/89	A16	2,450,000,000		2,450,000,000	
Sept 6	8.75	Sept 6/91	A46	1,400,000,000		1,400,000,000	
Oct 15	11.75	Sept 27/83-Oct 15/83					
		Feb 1/84-Apr 26/90					
		May 1/90-Aug 1/90	H8	2,125,000,000		2,125,000,000	
Dec 6	7	Dec 6/91	A48	1,400,000,000		1,400,000,000	
Dec 15	11.5	Nov 8/83-Dec 15/83					
		Feb 21/84	H12	850,000,000		850,000,000	
1994—Feb 1	8.75	Dec 15/86	H93	250,000,000		250,000,000	
Feb 1	10.25	Jan 5/89-Feb 9/89					
		Oct 1/90-Oct 18/90					
		Dec 15/90-Feb 1/91	A21	2,350,000,000		2,350,000,000	
Mar 1	8.25	Jan 29/87-Feb 19/87					
		Mar 15/87	H96	800,000,000		800,000,000	
Mar 1	12	Mar 13/84-Apr 10/85	H17	700,000,000		700,000,000	
Mar 6	7.5	Mar 6/92-Apr 1/92	A51	1,600,000,000		1,600,000,000	
				20,890,465,000		20,890,465,000	
Maturing 1994-95							
1994—Apr 1	13	Apr 1/84-May 1/84					
		Aug 22/84	H21	1,025,000,000			1,025,000,000
May 15	13.75	June 1/84-July 11/84					
		Aug 1/84	H25	1,200,000,000			1,200,000,000
June 15	9.5	June 15/74-July 1/75					
		Aug 15/75-June 1/76					
		Aug 1/76-Apr 1/77	F85	610,520,000			610,520,000
July 15	7.75	Apr 16/87	A3	400,000,000			400,000,000
July 15	13.5	June 19/84	H29	250,000,000			250,000,000
Sept 15	7	June 15/92-Sept 15/92	A53	3,500,000,000			3,500,000,000
Oct 1	9.25	June 18/87-July 30/87					
		Feb 1/88-Apr 14/88					
		July 1/89-Aug 1/89					
		Feb 21/91	A6	2,525,000,000			2,525,000,000

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1993	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1994
				\$	\$	\$	\$
Oct 1	12.75	Sept 12/84	H39	475,000,000			475,000,000
Dec 1	6.25	Dec 1/67	F23	125,000			125,000
Dec 15	12.5	Oct 1/84-Oct 24/84	H42	900,000,000			900,000,000
Dec 15	9.25	Aug 24/89-Oct 1/89					
		Nov 1/89-July 1/91					
		Sept 1/91	A25	1,700,000,000			1,700,000,000
1995—Feb 1	11.5	Feb 1/85	H51	375,000,000			375,000,000
Feb 1	12.25	Nov 14/84-Mar 19/85	H44	725,000,000			725,000,000
Mar 1	10	Jan 5/88-June 1/88					
		Aug 11/88-Dec 15/89					
Mar 1	11.75	Feb 1/90-Feb 26/90	A12	2,800,000,000			2,800,000,000
Mar 15	7	Dec 15/84-May 1/90	H48	925,000,000			925,000,000
		Dec 15/92-Mar 15/93	A58	3,800,000,000			3,800,000,000
				21,210,645,000			21,210,645,000
Maturing 1995-96							
1995—Apr 1	11.25	Feb 19/85-May 1/85					
		May 22/85	H54	1,350,000,000			1,350,000,000
June 1	10.5	June 12/85-July 1/85					
		July 23/85-Sept 1/85					
Sept 15	6.25	Mar 15/90-April 11/90	H62	3,100,000,000			3,100,000,000
Oct 1	6.5	June 15/93-Sept 15/93	A62		4,300,000,000		4,300,000,000
Oct 1	10	Oct 1/68	F33	100,000,000			100,000,000
		Oct 1/75-Dec 15/75					
Nov 1	8.25	Feb 1/76-Apr 1/76	F97	652,375,000			652,375,000
Dec 15	10.75	May 8/92	A52	1,500,000,000			1,500,000,000
		Oct 1/85-Oct 23/85					
		Nov 15/85-Mar 15/89					
		July 26/90-Aug 1/90					
1996—Feb 1	6	Aug 28/90	H67	3,050,000,000			3,050,000,000
Mar 1	10.25	Aug 4/92-Jan 6/93	A54	3,500,000,000			3,500,000,000
		Feb 6/86-Dec 15/87					
		Sept 22/88-Oct 1/90					
		Dec 15/90-Feb 1/91					
Mar 15	4.75	Feb 14/91	H76	2,600,000,000			2,600,000,000
		Dec 15/93-Mar 15/94	A71		4,900,000,000		4,900,000,000
				15,852,375,000	9,200,000,000		25,052,375,000
Maturing 1996-97							
1996—May 1	9.25	Apr 10/86-June 1/87					
		July 1/87-Mar 31/88					
June 1	8.75	July 27/89-Aug 31/89	H80	3,300,000,000			3,300,000,000
		Apr 28/86-May 22/86					
		July 24/86-Oct 1/86					
Aug 1	6.5	Dec 15/86-May 1/87	H84	2,175,000,000			2,175,000,000
Sept 15	3	Apr 13/93-July 13/93	A59		3,800,000,000		3,800,000,000
Oct 1	9.25	Sept 15/36	P1	55,000,000			55,000,000
		May 1/91-June 20/91					
		July 1/91-Sept 1/91					
1997—Mar 1	8.25	Sept 19/91	A42	3,425,000,000			3,425,000,000
		Jan 29/87-Feb 19/87					
		Mar 15/87-Oct 31/91					
		Nov 28/91-Dec 15/91	H97	3,400,000,000			3,400,000,000
				12,355,000,000	3,800,000,000		16,155,000,000
Maturing 1997-98							
1997—May 15	9.25	May 15/77-July 1/77					
July 1	7.5	Sept 1/77-Feb 1/78	J9	876,000,000			876,000,000
		Feb 1/92-June 1/92					
Oct 1	9.75	July 1/92	A50	4,200,000,000			4,200,000,000
		Aug 13/87-Sept 1/87					
		Nov 15/87-Feb 1/88					
		May 12/88-Jan 4/90					
1998—Feb 1	6.25	Feb 21/91	A8	2,775,000,000			2,775,000,000
		Sept 1/92-Oct 15/92					
		Dec 1/92-Mar 5/93	A56	6,600,000,000			6,600,000,000
(2) Mar 15	3.75	Sept 15/56	T15	197,045,000			197,045,000
Mar 15	10.75	Oct 15/87-Mar 15/89					
		Apr 13/89-Aug 16/90	A10	2,225,000,000			2,225,000,000
				16,873,045,000			16,873,045,000

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1993	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1994
				\$	\$	\$	\$
Maturing 1998-99							
1998—Sept 1	6.5	May 1/93-June 1/93					
		Sept 1/93-Oct 29/93	A60		6,800,000,000		6,800,000,000
Oct 1	9.5	June 30/88-July 21/88					
		Nov 15/88-July 1/89					
		Aug 15/91	A17	3,100,000,000			3,100,000,000
Dec 1	10.25	Sept 1/88-Oct 15/88					
		Dec 15/88-Jan 26/89	A18	2,275,000,000			2,275,000,000
1999—Mar 1	5.75	Dec 1/93-Dec 29/93					
		Mar 1/94	A70		6,700,000,000		6,700,000,000
				5,375,000,000	13,500,000,000		18,875,000,000
Maturing 1999-2000							
1999—Oct 15	9	Oct 15/77-Dec 15/77	J13	527,500,000			527,500,000
Dec 1	13.5	Dec 1/80	J53	400,000,000			400,000,000
Dec 1	9.25	Sept 21/89-Oct 1/89					
		Nov 16/89-Dec 15/89	A27	2,825,000,000			2,825,000,000
2000—Mar 15	13.75	Mar 31/80-Mar 1/81					
		Mar 31/81-Oct 15/82	J39	1,050,000,000			1,050,000,000
				4,802,500,000			4,802,500,000
Maturing 2000-01							
2000—May 1	9.75	Feb 1/90-Feb 15/90	A30	1,575,000,000			1,575,000,000
July 1	10.5	Mar 15/90-Mar 29/90					
		June 21/90-Aug 1/90	A32	2,900,000,000			2,900,000,000
July 1	15	July 1/81	J70	175,000,000			175,000,000
Sept 1	11.5	May 1/90-Nov 1/90	A33	1,200,000,000			1,200,000,000
Dec 15	9.75	Dec 15/78	J22	500,000,000			500,000,000
2001—Feb 1	15.75	June 1/81-July 31/81	J66	425,000,000			425,000,000
Mar 1	10.5	Sept 20/90-Oct 1/90					
		Dec 15/90-Feb 1/91	A37	3,175,000,000			3,175,000,000
				9,950,000,000			9,950,000,000
Maturing 2001-02							
2001—May 1	13	May 1/80-Oct 1/80					
		Feb 1/81	J42	1,325,000,000			1,325,000,000
June 1	9.75	Feb 21/91-Mar 1/91					
		Mar 28/91-May 16/91	A40	3,550,000,000			3,550,000,000
Oct 1	9.5	Oct 1/76-Dec 1/76					
		Apr 1/78-May 15/78					
		July 1/78	J2	1,232,750,000			1,232,750,000
Dec 1	9.75	July 1/91-July 18/91					
		Sept 1/91-Oct 1/91	A45	3,850,000,000			3,850,000,000
2002—Feb 1	8.75	Feb 1/77	J7	213,000,000			213,000,000
Mar 15	15.5	Mar 31/82-May 1/82	J79	350,000,000			350,000,000
				10,520,750,000			10,520,750,000
Maturing 2002-03							
2002—Apr 1	8.5	Nov 14/91-Dec 15/91					
		Mar 1/92-May 1/92					
		July 15/92	A47	5,450,000,000			5,450,000,000
May 1	10	May 1/79-June 1/79					
		July 15/79	J25	1,850,000,000			1,850,000,000
Dec 15	11.25	Dec 15/79-July 1/80					
		May 15/83	J34	1,625,000,000			1,625,000,000
2003—Feb 1	11.75	Feb 1/80-June 1/80					
		Aug 1/80-Feb 1/83					
		Apr 27/83-June 21/83					
		July 12/83	J35	2,700,000,000			2,700,000,000
				11,625,000,000			11,625,000,000
Maturing 2003-04							
2003—June 1	7.25	Sept 25/92-Oct 26/92					
		Nov 20/92-Jan 18/93					
		Feb 15/93	A57	6,900,000,000			6,900,000,000
Oct 1	9.5	Aug 15/78-Oct 1/78	J18	670,500,000			670,500,000
Dec 1	7.5	May 21/93-July 1/93					
		Aug 16/93-Sept 28/93					
		Nov 15/93	A61		8,800,000,000		8,800,000,000
2004—Feb 1	10.25	Feb 1/79-Mar 15/79					
		Mar 21/79-Aug 15/79	J24	2,200,000,000			2,200,000,000
				9,770,500,000	8,800,000,000		18,570,500,000

TABLE 10.2

MARKETABLE BONDS—*Continued*

Maturity date	%	Issue date	Series	April 1/1993	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1994
				\$	\$	\$	\$
Maturing 2004-05							
2004—June 1	13.5	Apr 1/84-May 1/84	H22	550,000,000			550,000,000
June 1	6.5	Jan 14/94-Feb 15/94	A72		4,000,000,000		4,000,000,000
Oct 1	10.5	Oct 1/79-Dec 15/87	J30	875,000,000			875,000,000
2005—Mar 1	12	Oct 15/83-Nov 8/83					
		Dec 15/83-Feb 1/84					
		Feb 21/84-Dec 15/84	H9	1,775,000,000			1,775,000,000
				3,200,000,000	4,000,000,000		7,200,000,000
Maturing 2005-06							
2005—Sept 1	12.25	Aug 1/83-Sept 1/83					
		Sept 27/83-Apr 10/85	H6	1,375,000,000			1,375,000,000
2006—Mar 1	12.5	Mar 13/84-Nov 14/84					
		Mar 19/85	H18	975,000,000			975,000,000
				2,350,000,000			2,350,000,000
Maturing 2006-07							
2006—Oct 1	14	June 1/84-July 11/84					
		Aug 1/84	H26	1,025,000,000			1,025,000,000
2007—Mar 1	13.75	June 19/84	H30	325,000,000			325,000,000
				1,350,000,000			1,350,000,000
Maturing 2007-08							
2007—Oct 1	13	Aug 22/84-Sept 12/84	H36	700,000,000			700,000,000
2008—Mar 1	12.75	Oct 1/84-Oct 24/84	H41	750,000,000			750,000,000
				1,450,000,000			1,450,000,000
Maturing 2008-09							
2008—June 1	10	Dec 15/85-Sept 1/87					
		Feb 1/88-Apr 14/88					
		June 1/88-July 21/88					
		Oct 15/88-Dec 15/88					
		Feb 23/89-June 1/89	H74	3,450,000,000			3,450,000,000
Oct 1	11.75	Feb 1/85-May 1/85	H52	725,000,000			725,000,000
2009—Mar 1	11.5	May 22/85	H58	400,000,000			400,000,000
				4,575,000,000			4,575,000,000
Maturing 2009-10							
2009—June 1	11	Oct 1/85-Oct 23/85					
		Oct 15/87	H68	925,000,000			925,000,000
Oct 1	10.75	June 12/85-July 1/85					
		Sept 1/85-Sept 1/88	H63	1,300,000,000			1,300,000,000
2010—Mar 1	9.75	Mar 15/86	H79	325,000,000			325,000,000
				2,550,000,000			2,550,000,000
Maturing 2010-11							
2010—June 1	9.5	Apr 10/86-July 1/87					
		July 1/89-Aug 10/89					
		Oct 1/89-Dec 15/89					
		Feb 1/90	H81	2,975,000,000			2,975,000,000
Oct 1	8.75	Apr 28/86	H85	325,000,000			325,000,000
2011—Mar 1	9	July 3/86-Sept 2/86					
		Oct 23/86-Dec 15/86					
		May 1/87-Mar 15/88	H87	1,975,000,000			1,975,000,000
				5,275,000,000			5,275,000,000
Maturing 2011-12							
2011—June 1	8.5	Feb 19/87-Mar 15/87	H98	750,000,000			750,000,000
Maturing 2013-14							
2014—Mar 15	10.25	Mar 15/89-Mar 30/89					
		Mar 15/90-July 1/90					
		Aug 1/90-Feb 21/91	A23	3,150,000,000			3,150,000,000
Maturing 2015-16							
2015—June 1	11.25	May 1/90-May 31/90					
		Oct 1/90-Nov 15/90	A34	2,350,000,000			2,350,000,000
Maturing 2019-20							
2019—Dec 31	10.186	Mar 23/90	M1	8,436,324			8,436,324
Maturing 2020-21							
2021—Mar 15	10.5	Dec 15/90-Jan 9/91					
		Feb 1/91	A39	1,800,000,000			1,800,000,000

TABLE 10.2

MARKETABLE BONDS—*Concluded*

Maturity date	%	Issue date	Series	April 1/1993	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1994
				\$	\$	\$	\$
Maturing 2021-22 2021—June 1	9.75	May 9/91-June 1/91 July 1/91-Aug 1/91 Sept 1/91-Oct 17/91	A43	4,650,000,000			4,650,000,000
(3) Dec 1	4.25	Dec 10/91-Oct 14/92 May 1/93-Dec 1/93	L25	1,230,871,858 5,880,871,858	1,575,151,000 1,575,151,000	4,532,307 4,532,307	2,801,490,551 7,451,490,551
Maturing 2022-23 2022—June 1	9.25	Dec 15/91-Jan 3/92 May 15/92	A49	2,550,000,000			2,550,000,000
Maturing 2023-24 2023—June 1	8	Aug 17/92-Feb 1/93 Apr 1/93-July 26/93 Oct 15/93-Feb 1/94	A55	2,000,000,000	5,000,000,000		7,000,000,000
Total marketable bonds (Canadian currency)				178,464,588,182	45,875,151,000	20,894,997,307	203,444,741,875
Payable in foreign currencies—							
US dollars—							
1995—July 15	10.125	July 15/85		161,182,388	16,009,374		177,191,762
Nov 21	10	Nov 21/85		629,250,000	62,500,000		691,750,000
(4) 1996—Feb 27	9	Feb 27/86		1,258,500,000	125,000,000		1,383,500,000
1999—Feb 10	3.313	Feb 10/94		2,048,932,388	2,767,000,000 2,970,509,374		2,767,000,000 5,019,441,762
(5) Japanese yen— 1993—July 23	5.625	July 23/86		808,589,802		808,589,802	
Total marketable bonds (foreign currencies)				2,857,522,190	2,970,509,374	808,589,802	5,019,441,762
Total				181,322,110,372	48,845,660,374	21,703,587,109	208,464,183,637

(1) Issues and retirements of marketable bonds payable in foreign currencies include the translation of these currencies to Canadian dollars using closing rates of exchange at March 31.

(2) Subject to redemption before maturity.

(3) The rate of return of this issue is linked to the Consumer Price Index for Canada.

(4) The rate of interest is variable throughout the year.

(5) While the terms of the issue remain unaltered from the bondholders' perspective, the Government's Japanese yen liability was converted through a "currency swap" into a floating rate U.S. dollar liability which is based on 6-month London Inter-bank Offered Rate (LIBOR).

Canada Savings Bonds

Canada savings bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- redeemable on demand by the holder, with accrued interest calculated to the end of the previous month;
- not subject to call before maturity; and,
- term to maturity of seven years or more.

Table 10.3 presents a summary of the balances and transactions for Canada savings bonds.

TABLE 10.3

CANADA SAVINGS BONDS

Maturity date	%	Issue date	Series	April 1/1993	Issues	Retirements	March 31/1994
				\$	\$	\$	\$
1993—Nov 1	7.5-6	1986-1987	S41	2,325,166,900		2,325,166,900	
1997—Nov 1	6-4.25-5.5	1987-1988	S42	5,073,206,700		559,796,200	4,513,410,500
1998—Nov 1	6-4.25-5.5	1988-1989	S43	4,810,767,600		544,095,300	4,266,672,300
2001—Nov 1	6-4.25-5.5	1989-1990	S44	3,866,745,000		458,539,300	3,408,205,700
2002—Nov 1	6-4.25-5.5	1990-1991	S45	3,670,620,100		500,754,200	3,169,865,900
2003—Nov 1	6-4.25-5.5	1991-1992	S46	6,001,727,800		1,130,454,300	4,871,273,500
2004—Nov 1	6-4.25-5.5	1992-1993	S47	8,620,905,000		2,673,789,000	5,947,116,000
2005—Nov 1	4.25-5.5	1993-1994	S48 ⁽¹⁾		5,391,139,862	236,830,910	5,154,308,952
Total				34,369,139,100	5,391,139,862	8,429,426,110	31,330,852,852

⁽¹⁾ S48 includes bonds related to Government's participation in the Canada savings bonds Payroll Savings Plan.

Special Non-Marketable Bonds

Special non-marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan Investment Fund, and have the following characteristics:

- not negotiable;
- not transferable;
- not assignable;
- issued in Canadian currency only;
- term to maturity of 20 years or less;
- interest payable semi-annually; and,
- redeemable at face value plus accrued interest.

Table 10.4 presents a summary of the balances and transactions for these special non-marketable bonds.

TABLE 10.4
SPECIAL NON-MARKETABLE BONDS

	April 1/1993	Issues	Retirements	March 31/1994
	\$	\$	\$	\$
Canada Pension Plan Investment Fund—				
Matured 1993-94	7,907,000	1,017,453,000	1,025,360,000	9,087,000
Maturing 1994-95	9,087,000			10,217,000
1995-96	10,217,000			10,651,000
1996-97	10,651,000			11,351,000
1997-98	11,351,000			12,015,000
1998-99	12,015,000			17,709,000
1999-2000	17,709,000			22,971,000
2000-01	22,971,000			17,622,000
2001-02	17,622,000			17,414,000
2002-03	17,414,000			17,259,000
2003-04	17,259,000			16,661,000
2004-05	16,661,000			239,955,000
2005-06	239,955,000			1,352,282,000
2006-07	1,352,282,000			699,981,000
2007-08	699,981,000			519,360,000
2008-09	519,360,000			71,112,000
2009-10	71,112,000			425,010,000
2010-11	425,010,000			15,763,000
2011-12	15,763,000			11,118,000
2012-13	11,118,000			
Total	3,505,445,000	1,017,453,000	1,025,360,000	3,497,538,000

Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- common terms: 3 months, 6 months and 12 months;
- issued in Canadian currency only;
- transferable; and,
- bought and sold on the open market.

Three-month and six-month bills are usually issued weekly, while other bills are issued every two weeks, usually for periods of one year or less.

The balance at March 31, 1994 consists of \$1,500 million in odd issue bills; \$50,600 million in three-month bills; \$51,500 million in six-month bills; and, \$62,400 million in 364-day bills.

Table 10.5 presents a monthly summary of Treasury bill issues and redemptions.

TABLE 10.5

TREASURY BILL ISSUES AND REDEMPTIONS

(in millions of dollars)

	Issues				Redemptions				Net change
	3 month bills	6 month bills	Other bills	Total	3 month bills	6 month bills	Other bills	Total	
April, 1993	20,600	9,900	6,000	36,500	18,100	8,100	6,450	32,650	3,850
May	15,200	7,300	6,450	28,950	15,400	7,100	6,500	29,000	-50
June	22,000	10,700	6,500	39,200	20,900	9,800	6,200	36,900	2,300
July	16,400	8,000	5,400	29,800	16,500	6,200	6,950	29,650	150
August	14,500	6,900	4,400	25,800	15,200	7,200	5,400	27,800	-2,000
September	20,100	9,900	8,500	38,500	22,000	10,400	6,950	39,350	-850
October	16,000	8,000	9,550	33,550	16,400	8,000	5,300	29,700	3,850
November	16,500	8,200	5,000	29,700	14,500	7,300	8,300	30,100	-400
December	19,800	10,300	6,000	36,100	20,100	10,700	8,300	39,100	-3,000
January, 1994	16,800	8,300	4,900	30,000	16,000	8,000	4,400	28,400	1,600
February	15,200	7,700	4,600	27,500	16,500	6,900	4,600	28,000	-500
March	18,600	9,000	7,300	34,900	19,800	9,900	6,200	35,900	-1,000
Balance at April 1, 1993	211,700	104,200	74,600	390,500	211,400	99,600	75,550	386,550	3,950
Balance at March 31, 1994									162,050
									166,000

Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money markets under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

- issued at a discount in lieu of interest payments;
- term to maturity of not more than 270 days;
- transferable; and,
- bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 1994.

Table 10.6 presents a monthly summary of Canada bill issues and redemptions.

TABLE 10.6

CANADA BILL ISSUES AND REDEMPTIONS

	Issues	Redemptions	Net change
	\$	\$	\$
April, 1993	1,162,045,475	966,750,755	195,294,720
May	755,363,776	850,095,591	-94,731,815
June	873,062,234	1,222,871,959	-349,809,725
July	1,520,286,479	1,087,514,526	432,771,953
August	2,223,913,066	849,071,288	1,374,841,778
September	1,823,723,772	1,265,642,366	558,081,406
October	2,719,478,951	1,538,795,647	1,180,683,304
November	1,846,897,573	1,705,494,213	141,403,360
December	1,920,950,045	1,319,458,212	601,491,833
January, 1994	1,455,149,823	1,856,177,505	-401,027,682
February	701,067,113	2,102,900,614	-1,401,833,501
March	2,465,685,004	1,751,579,865	714,105,139
Balance at April 1, 1993	19,467,623,311	16,516,352,541	2,951,270,770
Balance before revaluation			2,551,884,361
Balance before revaluation			5,503,155,131
Exchange valuation adjustment at March 31, 1994			145,628,330
Balance at March 31, 1994			5,648,783,461

SUPPLEMENTARY STATEMENTS

Interest Rates

Table 10.7 sets out unmatured debt as at March 31, for each of the years 1989-90 to 1993-94 inclusive, with the average rate of interest thereon. For purposes of comparison, unmatured debt is classified as to marketable bonds, non-marketable bonds (include Canada savings bonds and the Canada Pension Plan Investment Fund), Treasury bills, notes and loans, and Canada bills, and Canada bills.

TABLE 10.7

UNMATURED DEBT AS AT MARCH 31, FROM 1990 TO 1994, WITH THE AVERAGE RATE OF INTEREST THEREON

	Non-marketable bonds													
	Marketable bonds		Canada savings bonds		Canada Pension Plan Investment Fund		Treasury bills		Notes and loans		Canada bills		Total unmatured debt	
	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1994	208,411	8.79	30,418	5.50	3,497	10.20	166,000	4.47			5,649	3.44	413,975	6.75
1993	181,270	9.59	33,364	6.00	3,505	10.20	162,050	6.39			2,552	3.19	382,741	7.88
1992	161,488	10.25	34,589	7.50	3,501	10.19	152,300	7.68	7	8.50			351,885	8.86
1991	146,989	10.52	33,250	10.75	3,492	10.19	139,150	10.97	14	8.50	1,008	6.42	323,903	10.72
1990	131,585	10.48	39,732	10.50	3,072	10.03	118,550	12.32	177	5.53	1,446	8.20	294,562	11.20

Note: Where various rates of interest are applicable, the interest rate in effect at March 31 is used.

Table 10.8 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 1989-90 to 1993-94 inclusively.

TABLE 10.8

TREASURY BILLS AVERAGE YIELDS AT TENDER

Year ended	High	Low	Last issue
March 31	%	%	%
Three-month bills—			
1994	5.39	3.62	5.39
1993	8.57	4.68	5.21
1992	9.56	6.83	7.24
1991	13.80	9.66	9.67
1990	13.26	11.89	13.26
Six-month bills—			
1994	5.88	3.75	5.88
1993	8.58	4.69	5.57
1992	9.41	6.84	7.41
1991	13.84	9.54	9.66
1990	13.59	11.59	13.59
Other bills—			
1994	6.26	3.93	6.25
1993	8.18	4.84	4.87
1992	9.62	6.90	7.14
1991	13.93	9.22	9.56
1990	13.51	10.97	13.51

Maturity of Government Debt

Table 10.9 presents total unmatured debt arranged in order of maturity.

TABLE 10.9

MATURITY OF GOVERNMENT DEBT

	Non-marketable bonds											
	Marketable bonds		Canada savings bonds		Canada Pension Plan Investment Fund		Treasury bills		Canada bills		Total unmatured debt	
	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1995	21,211	9.51			9	8.55	166,000	4.47	5,649	3.44	192,869	4.99
1996	27,304	8.02			10	8.94					27,314	8.02
1997	16,155	8.30			11	9.00					16,166	8.30
1998	16,873	7.86	4,513	5.5	11	9.08					21,397	7.36
1999	21,642	6.68	4,267	5.5	12	9.56					25,921	6.49
2000/2004	55,469	9.48	11,449	5.5	93	13.03					67,011	8.81
2005/09	16,925	10.52	11,102	5.5	2,828	9.98					30,855	8.66
2010/14	11,725	9.80			523	11.03					12,248	9.85
2015/19	2,350	11.25									2,350	11.25
2020/24	18,810	8.28									18,810	8.28
	208,464	8.79	31,331	5.5	3,497	10.20	166,000	4.47	5,649	3.44	414,941	6.75
Less:												
Government's own holdings	53	7.97	913	5.5							966	5.63
	208,411	8.79	30,418	5.5	3,497	10.20	166,000	4.47	5,649	3.44	413,975	6.75

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 10.10.

Statement of all Borrowing Transactions on behalf of Her Majesty

Table 10.10 presents the information required by section 49 of the *Financial Administration Act*. The borrowing transactions included in this table are: borrowings by the Government for general purposes, and borrowings by agent enterprise Crown corporations. Borrowings by non-agent enterprise Crown corporations are not included because such borrowings are not on behalf of Her Majesty.

TABLE 10.10

STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY (in millions of dollars)

	April 1/1993	Issues/ Borrowings	Retirements	March 31/1994
Unmatured debt of the Government of Canada ⁽¹⁾	382,741	463,964	432,730	413,975
Borrowings of enterprise Crown corporations designated as agents of Her Majesty ⁽²⁾	18,583	158,386	155,644	21,325
Total	401,324	622,350	588,374	435,300

⁽¹⁾ Details can be found in this section.

⁽²⁾ Details can be found in Section 6 (Table 6.6) of this volume.

SECTION 11

1993-94

PUBLIC ACCOUNTS

Other Information Related to the Financial Statements

CONTENTS

	<i>Page</i>
Other accounts reported on the Statement of Assets and Liabilities—	
Accounts receivable	11.2
Cash in transit	11.4
Cash	11.6
Accumulated deficit	11.7
Other information—	
Contractual commitments	11.9
Insurance programs of agent enterprise Crown corporations	11.16
Contingent liabilities	11.18
International organizations	11.22

NOTE TO READER

Major reorganizations were made to the structure and names of certain ministries in 1993-94. For details of these changes, please refer to the **Introduction** at the beginning of this volume.

OTHER ACCOUNTS REPORTED ON THE STATEMENT OF ASSETS AND LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities, which are not included elsewhere in this volume. These accounts are:

- accounts receivable;
- cash in transit;
- cash; and,
- accumulated deficit.

Accounts Receivable

Accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to a Government body for use of its assets, or from the proceeds for provision of services as of the accounting date. Non-tax revenue and revenue credited to votes receivable are accounted for in the period the transactions or events give rise to the revenue.

Accounts receivable written off or forgiven are included in Section 3 of Volume II Part II (Statement of debts, obligations and claims written off or forgiven).

Accounts receivable for tax revenue are not recorded in the accounts of Canada. However, these amounts are reported on a memorandum basis and details of the balances are included in Section 4 of Volume II Part II.

Table 11.1 presents a summary of the balances and transactions for accounts receivable. Chart 11A compares accounts receivable for the last ten fiscal years.

TABLE 11.1
ACCOUNTS RECEIVABLE

	April 1/1993	Charges	Credits	March 31/1994
	\$	\$	\$	\$
Non-tax revenue and revenue credited to votes receivable ⁽¹⁾	3,396,476,000	3,729,180,000	3,396,476,000	3,729,180,000
Other receivables	291,792,000	63,053,000	291,792,000	63,053,000
Accounts receivable of consolidated Crown corporations ⁽²⁾	279,802,000	148,496,000	279,802,000	148,496,000
Total	3,968,070,000	3,940,729,000	3,968,070,000	3,940,729,000

⁽¹⁾ Non-tax revenue and revenue credited to votes receivable are net of an allowance for doubtful accounts of \$1,496 million for 1994 (\$1,496 million for 1993).

⁽²⁾ Additional information on the consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 1 of this volume).

Non-tax revenue and revenue credited to votes receivable

This account records accrued financial claims, owed to the Government, arising from non-tax revenue and revenue credited to votes. These receivables are accounted for in the period in which the transactions or events occurred.

Other receivables

This account records public moneys received after March 31, but applicable to the year just ended. It includes refunds of old year expenditure received prior to the closing of the accounts, and receipts to be credited to non-tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

Accounts receivable of consolidated Crown corporations

This account records the financial claims of consolidated Crown corporations.

CHART 11A

ACCOUNTS RECEIVABLE

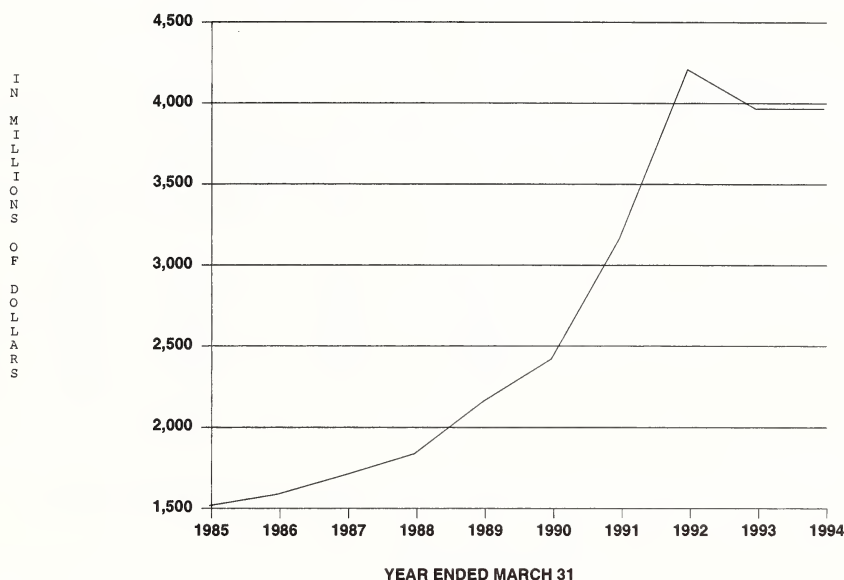


Table 11.2 presents additional disclosure of information related to long-term accounts receivable for non-tax revenue and revenue credited to votes. A long-term account receivable is defined as an account receivable where settlement is not due for at least 12 months after the accounting date.

TABLE 11.2
LONG-TERM ACCOUNTS RECEIVABLE
 (in thousands of dollars)

Categories of accounts receivable	1994			1993
	Gross accounts receivable	Allowance for doubtful accounts	Net accounts receivable	Net accounts receivable
Non-tax revenue—				
Return on investments	616,814	16,761	600,053	548,990
Refunds of previous years' expenditure	783,593	224,034	559,559	515,579
Privileges, licences and permits	8,274	1,053	7,221	3,010
Proceeds from sales	1,689	1,158	531	375
Miscellaneous	23,031		23,031	4,591 *
Total long-term accounts receivable	1,433,401	243,006	1,190,395	1,072,545

* Comparative figures for the previous year have been restated.

Table 11.3 presents the aging for non-tax revenue and revenue credited to votes receivable (net of allowance for doubtful accounts) for the period over which claims at March 31, 1994 have been outstanding.

TABLE 11.3**AGING OF ACCOUNTS RECEIVABLE**

(in thousands of dollars)

Categories of accounts receivable	Outstanding days				Total as at March 31, 1994
	0—30	31—60	61—90	Over 90	
Non-tax revenue—					
Return on investments	329,582	6	7	44,755	374,350
Proceeds from sales	3,038	656	346	2,165	6,205
Refunds of previous years' expenditure	21,046	3,241	39,563	92,764	156,614
Privileges, licences and permits	2,850	1,222	781	17,262	22,115
Services and service fees	31,392	8,495	2,005	11,749	53,641
Miscellaneous	199,534	41,657	14,668	971,413	1,227,272
Revenue credited to votes	209,862	52,619	16,560	251,475	530,516
	797,304	107,896	73,930	1,391,583	2,370,713 ⁽¹⁾
Other amounts					1,358,467
Total non-tax revenue and revenue credited to votes receivable (net of allowance for doubtful accounts)					3,729,180

⁽¹⁾ This amount represents long-term accounts receivable and other amounts, which if included, would cause the aging schedule to be misleading.

Cash in Transit

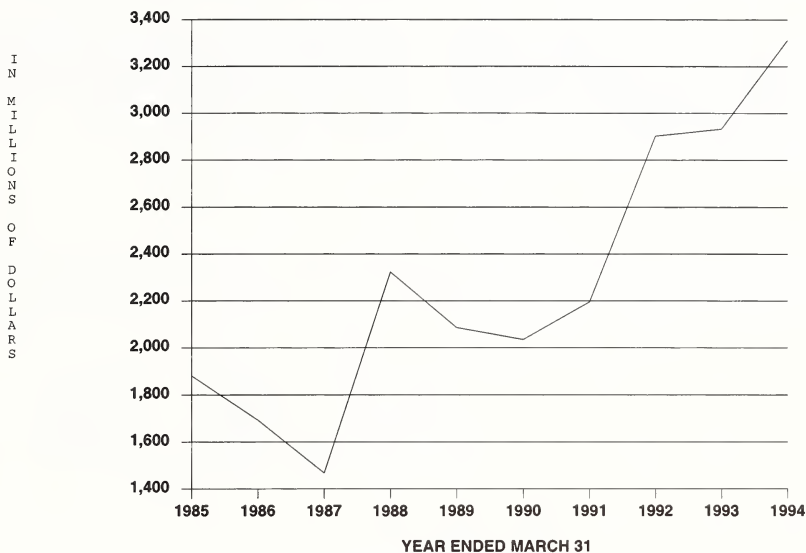
Table 11.4 presents a summary of the balances and transactions for cash in transit. Chart 11B compares cash in transit for the last ten fiscal years.

TABLE 11.4**CASH IN TRANSIT**

	April 1/1993	Charges	Credits	March 31/1994
	\$	\$	\$	\$
Cash in hands of collectors and in transit	2,882,864,057	3,225,103,625	2,882,864,057	3,225,103,625
Moneys received after March 31 but applicable to the current year	292,696,158	63,097,393	292,696,158	63,097,393
Less: portion transferred to accounts receivable—Other receivables	291,792,000 904,158	63,053,000 44,393	291,792,000 904,158	63,053,000 44,393
Other cash—Consolidated Crown corporations ⁽¹⁾	47,640,000	87,714,000	47,640,000	87,714,000
Total	2,931,408,215	3,312,862,018	2,931,408,215	3,312,862,018

⁽¹⁾ Additional information on the consolidated Crown corporations is provided in Section 5 of this volume and in the audited financial statements (Section 1 of this volume).

CHART 11B
CASH IN TRANSIT



Cash in hands of collectors and in transit

This account records public moneys received by public officers prior to April 1, but not deposited to the credit of the Receiver General for Canada in the Bank of Canada, before that date.

Moneys received after March 31 but applicable to the current year

Public moneys received after March 31, but applicable to the year just ended, are recorded in this account.

This account includes receipts to be credited to asset, liability and (in exceptional cases) tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

Other cash—Consolidated Crown corporations

This account records the cash position of the consolidated Crown corporations. These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of these Crown corporations.

Cash

The Government's cash account represents public moneys on deposit at March 31, to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions.

The cash position of the Government is affected not only by budgetary transactions, but also by non-budgetary, foreign exchange and unmatured debt transactions, all of which must be taken into account when considering the full scope of the Government's financial operations.

Table 11.5 presents a summary of the balances and related transactions in current and special Receiver General deposits. Chart 11C compares cash for the last ten fiscal years.

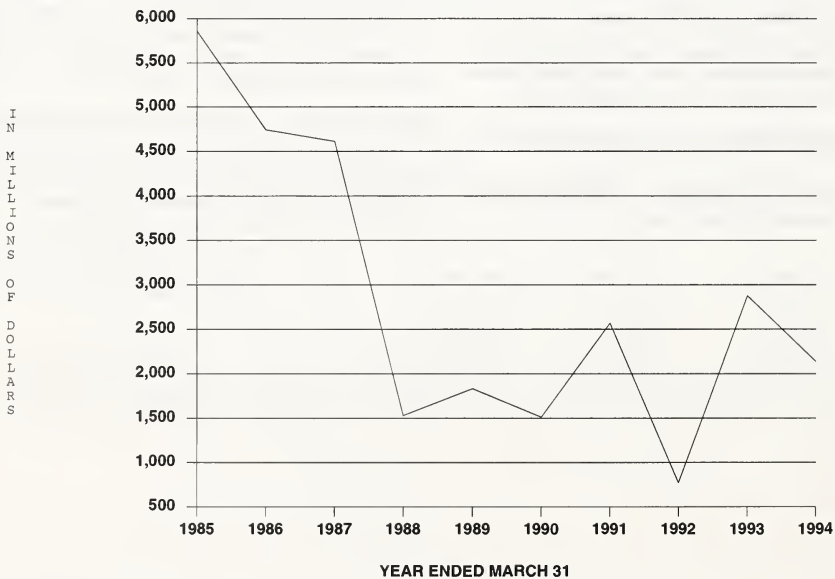
The year-end balances denominated in foreign currencies have been translated into Canadian dollar equivalents at year-end closing rates of exchange. Foreign currencies held include United Kingdom pounds sterling, United States dollars, Belgian, Swiss and French francs, and German marks.

TABLE 11.5

CASH

	April 1/1993	Receipts	Disbursements	March 31/1994
	\$	\$	\$	\$
Receiver General—				
Current deposits—				
Canadian currency	2,774,096,903	714,429,146,520	715,170,756,609	2,032,486,814
Foreign currencies	105,137,162	1,353,869,437	1,355,245,536	103,761,063
Special deposits	1,718,478	190,725,263	191,324,856	1,118,885
Total	2,880,952,543	715,973,741,220	716,717,327,001	2,137,366,762

CHART 11C
CASH



Receiver General current deposits

The monthly comparative balances of Canadian and foreign currency deposits are presented in the following tables:

TABLE 11.6

CASH IN CANADIAN CURRENCY DEPOSITS

(in millions of dollars)

At end of month of	Year ended March 31	
	1994	1993
April	1,471	1,806
May	2,253	1,660
June	1,423	1,273
July	2,328	803
August	2,979	285
September	1,073	3,466
October	2,895	2,722
November	2,074	2,990
December	960	1,602
January	516	767
February	1,468	1,139
March	2,032	2,774

TABLE 11.7

CASH IN FOREIGN CURRENCY DEPOSITS

(translated into Canadian dollars)

(in millions of dollars)

At end of month of	Year ended March 31	
	1994	1993
April	47	15
May	33	33
June	25	33
July	32	55
August	27	42
September	30	55
October	30	43
November	29	33
December	25	28
January	24	37
February	29	40
March	104	105

Receiver General special deposits

These are balances in the hands of fiscal agents of the Government, for the purchase or redemption of Government securities, and for the payment of interest.

Accumulated Deficit

The accumulated deficit is the account recording the net sum of annual deficits and surpluses of the Government of Canada since Confederation, together with certain amounts charged or credited directly to this account. The accumulated deficit is also equal to the excess of recorded liabilities over total financial assets.

A Statement of Accumulated Deficit is published in Section 1 of this volume.

Table 11.8 presents a ten year comparative statement of the accumulated deficit, in terms of total liabilities and total financial assets. Chart 11D compares the accumulated deficit for the last ten fiscal years.

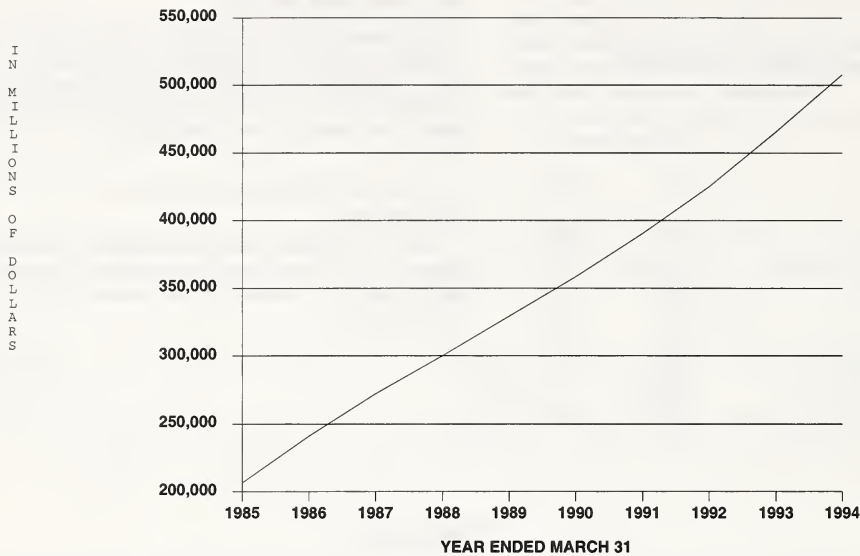
TABLE 11.8

STATEMENT OF ACCUMULATED DEFICIT IN TERMS OF TOTAL LIABILITIES AND TOTAL FINANCIAL ASSETS

(in millions of dollars)

As at March 31	Total liabilities	Less: total financial assets	Accumulated deficit	
			Amount	Increase or decrease (-)
1994	548,121	39,911	508,210	42,012
1993	504,800	38,602	466,198	41,021
1992	467,819	42,642	425,177	34,357
1991	435,298	44,478	390,820	32,000
1990	397,881	39,061	358,820	28,930
1989	372,003	42,113	329,890	28,773
1988	340,975	39,858	301,117	27,794
1987	309,978	36,655	273,323	30,742
1986	276,211	33,630	242,581	34,595
1985	243,758	35,772	207,986	39,956

CHART 11D
ACCUMULATED DEFICIT



OTHER INFORMATION

Contractual Commitments

A contractual commitment represents a written obligation to outside organizations or individuals as a result of a contract. The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. In the case of contractual commitments to international organizations, some will result in future budgetary expenditure while others will result in non-budgetary payments.

Contractual commitments can be classified into seven categories: fixed assets, purchases, operating leases, capital leases, transfer payment agreements (grants and contributions), benefit plans for veterans and international organizations.

Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee, it is considered a capital lease. All other leases are classified as operating leases.

All outstanding contractual commitments of \$50 million or more per project at year end are reported in the case of fixed assets, purchases, operating leases and transfer payment agreements. All capital lease arrangements with total minimum lease payments remaining at year end in excess of \$1 million per contract are reported. For international organizations, all contractual commitments in excess of \$1 million at year end are reported.

While no details are provided in this section, as indicated in Section 1, estimated annual expenditures under the *Pension Act* for disability and death arising from military service will approximate \$1,000 million over the next few years.

In accordance with the Government's significant accounting policies, the contractual commitments of consolidated Crown corporations are included with those of the Government.

Fixed assets, purchases, operating leases and transfer payment agreements

Table 11.9 provides details of contractual commitments that involve fixed assets, operating leases, purchases and transfer payment agreements. It discloses individual contractual commitments by category and by entity. Contractual commitments are summarized in Note 14 to the audited financial statements in Section 1 of this volume.

Fixed assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life.

Purchase commitments are commitments supported by a contract to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee.

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

TABLE 11.9

FIXED ASSETS, PURCHASES, OPERATING LEASES AND TRANSFER PAYMENT AGREEMENTS

AS AT MARCH 31, 1994

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitments to be disbursed by March 31					2000 and subse- quently
					1995	1996	1997	1998	1999	
Fixed assets—										
Finance—										
Equity interest in Hibernia Project	407	407	95	312	118	92	63	39		
National Defence—										
Helicopters with integrated logistic support	1,293	863	108	755	74	255	242	171	8	5
Light armoured reconnaissance vehicle chassis	884	517	14	503	31	248	206	18		
Maritime coastal defence vessels	746	611	92	519	85	137	120	104	62	11
Aircraft warfare training capability	202	129	34	95	45	30	13	7		
Tribal Class Update and Modernization Pro- gram—Warships	1,805	1,511	1,415	96	66	30				
Arctic and maritime surveillance aircraft	1,115	973	887	86	68	11	2	5		
Canadian Patrol Frigate Program—Warships	9,100	8,447	7,255	1,192	755	359	58	20		
North American Air Defence Modernization— Land, buildings, radar sites and communications equipment	1,081	1,081	925	156	153	3				
Light trucks and associated support	279	240	77	163	135	28				
Tactical commun- ications system	1,899	1,371	336	1,035	246	264	218	141	111	55
Military Air Traffic System	179	71		71	18	32	21			
Short Range Anti-armour weapon	213	87	29	58	16	19	14	9		
Transport—										
Automated flight data processing and display systems	659	420	258	162	88	61	13			
Total fixed assets	19,862	16,728	11,525	5,203	1,898	1,569	970	514	181	71
Purchases —										
Industry, Science and Technology—										
Canadian Space Agency—										
Radsat Project	279	279	257	22	20	2				
Mobile Servicing System for International Space Station	403	174	120	54	54					

TABLE 11.9

FIXED ASSETS, PURCHASES, OPERATING LEASES AND TRANSFER PAYMENT AGREEMENTS
AS AT MARCH 31, 1994—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitments to be disbursed by March 31					2000 and subse- quently
					1995	1996	1997	1998	1999	
National Defence—										
Ammunition	147	147	17	130	117	12	1			
Military pilot training	154	154	45	109	29	31	31	18		
<i>Subtotal</i>	<i>983</i>	<i>754</i>	<i>439</i>	<i>315</i>	<i>220</i>	<i>45</i>	<i>32</i>	<i>18</i>		
Consolidated Crown corporations—										
Canadian Broadcasting Corporation—										
Sports rights	232	232		232	57	51	52	53	12	7
<i>Total purchases</i>	<i>1,215</i>	<i>986</i>	<i>439</i>	<i>547</i>	<i>277</i>	<i>96</i>	<i>84</i>	<i>71</i>	<i>12</i>	<i>7</i>
Operating leases—										
Environment—										
Lease of Land - Capilano Indian Reserve No. 5 Vancouver, B.C.	349	349		349	5	5	6	5	8	320
Supply and Services—										
Public Works—										
Journal Building, Ottawa ..	177	177	26	151	12	14	14	14	14	83
Place de Ville "C", Ottawa ..	221	221	40	181	17	17	17	17	10	103
200 Kent St., Ottawa	104	104	2	102	5	7	11	11	12	56
<i>Subtotal</i>	<i>851</i>	<i>851</i>	<i>68</i>	<i>783</i>	<i>39</i>	<i>43</i>	<i>48</i>	<i>47</i>	<i>44</i>	<i>562</i>
Consolidated Crown corporations—										
National Capital Commission—										
Office space	124	124		124	1	4	4	4	4	107
VIA Rail Canada Inc—										
Office Space	118	118	32	86	4	5	4	5	5	63
Rail services	165	165	5	160		2	2	2	2	152
<i>Subtotal</i>	<i>407</i>	<i>407</i>	<i>37</i>	<i>370</i>	<i>5</i>	<i>11</i>	<i>10</i>	<i>11</i>	<i>11</i>	<i>322</i>
<i>Total operating leases</i>	<i>1,258</i>	<i>1,258</i>	<i>105</i>	<i>1,153</i>	<i>44</i>	<i>54</i>	<i>58</i>	<i>58</i>	<i>55</i>	<i>884</i>
Transfer payment agreements—										
Canada Mortgage and Housing Corporation (Government account)—										
Social Housing Program ⁽¹⁾	11,929	11,929	1,847	10,082	2,029	2,007	1,999	2,012	2,035	
Energy, Mines and Resources—										
Support for the Hibernia Development Project ...	974	974	513	461	250	193	18			

TABLE 11.9

FIXED ASSETS, PURCHASES, OPERATING LEASES AND TRANSFER PAYMENT AGREEMENTS
AS AT MARCH 31, 1994—*Concluded*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitments to be disbursed by March 31					2000 and subse- quently
					1995	1996	1997	1998	1999	
Indian Affairs and Northern Development— Comprehensive land claim agreements -Cree Regional Authority (Cree and Naskapi)	210	210	35	175	39	36	36	32	32	
-Inuit of the Nunavut . . .	142	142	30	112	11	12	12	12	12	53
Council for Yukon final agreements— Implementation costs for: -Champagne and Aishihik First Nations -Vuntut Gwitch'in First Nation -First Nation of Nacho Nyak Dun -Teslin Tlingit Council Total cost	106	106	1	105	20	7	7	22	8	41
Alternative Funding Arrangements— -Eskasoni Band	92	92	19	73	18	18	18	19		
-Kahnawake Band	109	109	18	91	22	23	23	23		
-Norway House Band . . .	95	95	19	76	19	19	19	19		
-Nuu-Chah-Nulth Tribal Council	118	118	46	72	24	24	24			
-Peguis Band	83	83	16	67	17	17	17	16		
Supply and Services— Public Works— Northumberland Strait Crossing Fixed link to P.E.I. ⁽²⁾	2,280	2,280		2,280				39	47	2,194
<i>Subtotal</i>	<i>16,138</i>	<i>16,138</i>	<i>2,544</i>	<i>13,594</i>	<i>2,449</i>	<i>2,356</i>	<i>2,173</i>	<i>2,194</i>	<i>2,134</i>	<i>2,288</i>
Consolidated Crown corporation— National Capital Commission— Province of Quebec Road agreement agreement	254	254	166	88	3	3	3	3	3	73
Total transfer payment agreements	16,392	16,392	2,710	13,682	2,452	2,359	2,176	2,197	2,137	2,361
Grand Total	38,727	35,364	14,779	20,585	4,671	4,078	3,288	2,840	2,385	3,323

⁽¹⁾ This is a calculation based on information presently available and is subject to change, specially over the longer term.⁽²⁾ Under the agreement, ownership of the facility will revert to the Government of Canada after 35 years.

Capital leases

Table 11.10 provides details of commitments under capital lease arrangements which are summarized in Note 14 to the audited financial statements in Section I of this volume. A capital lease is a lease that, from the point of view of the Government,

transfers substantially all the benefits and risks incident to ownership of the asset to the Government. Table 11.11 presents commitments under capital lease arrangements in order of maturity. There were no purchase options exercised during the year.

TABLE 11.10

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS

(in thousands of dollars)

Department and agency identification of capital lease	Inception date	Lease term in years	Fair value of leased property at inception	Total estimated minimum lease payments, full term (excluding executory costs)	Implicit interest rate (%)	Balances at March 31, 1994			
						Total estimated remaining minimum lease payments	Less: imputed interest, using the implicit interest rate	Less: executory costs	Net commitments under capital lease arrangements
Indian Affairs and Northern Development— Office equipment	March 1, 1993	3	2,399	7,109	23	5,100	1,254	341	3,505
Supply and Services— Public Works—									
Guy Favreau Building, Montréal	Dec 1, 1983	35	87,600	422,980	12.6 ⁽¹⁾	306,961	221,117		85,844
240 Sparks St, Ottawa	Jan 1, 1979	35	63,703	213,500	9.1 ⁽¹⁾	120,475	65,541		54,934
L'Esplanade Laurier, Ottawa	July 1, 1975	35	60,374	222,715	9.4 ⁽¹⁾	113,046	61,644		51,402
Place du Centre, Hull	Dec 1, 1977	30	26,201	96,600	11.2 ⁽¹⁾	47,274	25,322		21,952
Terrasses de la Chaudière, Hull	July 1, 1977	35	146,084	637,380	11.4 ⁽¹⁾	358,287	225,244		133,043
Government of Canada Building, (GOCB), Cornwall	Dec 1, 1984	35	9,600	49,420	14.6 ⁽¹⁾	36,242	26,854		9,388
Scarborough (GOCB)	Dec 1, 1984	35	38,900	191,965	13.2 ⁽¹⁾	143,443	105,369		38,074
Chatham (GOCB)	June 1, 1985	35	4,940	20,790	11.8 ⁽¹⁾	15,545	10,776		4,769
Place Vincent Massey, Hull	Aug 1, 1986	25	23,439	78,627	13.0 ⁽¹⁾	54,512	31,945		22,567
Canada Place, Edmonton	Oct 1, 1988	35	105,000	438,165	11.7 ⁽¹⁾	369,311	266,402		102,909
Louis Saint-Laurent, Hull	Aug 1, 1991	25	73,000	223,897	10.8	201,640	130,962		70,678
Block 56, Vancouver	June 1, 1995	25	108,680						
Museum of Science and Technology, Ottawa ⁽²⁾									
			747,521	2,596,039		1,766,736	1,171,176		595,560
Canada Mortgage and Housing Corporation (Government Account)— National Office Building, Ottawa	Oct 1, 1990	25	38,982	106,195	11.6 & 11.8	88,105	52,142		35,963
Subtotal			786,503	2,702,234		1,854,841	1,223,318		631,523
Consolidated Crown corporation— Canadian Broadcasting Corporation— Canadian Broadcasting Centre, 250 Front St. W., Toronto	Aug 31, 1991	47	485,219	1,513,223	varied	1,421,264	985,934		435,330
Total			1,274,121	4,222,566		3,281,205	2,210,506	341	1,070,358

⁽¹⁾ Lessors'/Lessees' financing rate per lease agreement is subject to change over term of lease.

⁽²⁾ This item has been deleted for fiscal 1993-94 as it has since been determined that it did not meet the definition of a capital lease.

⁽³⁾ Estimated fair value.

TABLE 11.11

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS IN ORDER OF MATURITY

(in thousands of dollars)

Department and agency	Payments due in											Total
	1995	1996	1997	1998	1999	2000 to 2004	2005 to 2009	2010 to 2014	2015 to 2019	2020 to 2024	2025 to 2029	
Indian Affairs and Northern Development —												
Remaining payments	2,170	2,930										5,100
Imputed interest	818	436										1,254
Executory costs		341										341
Net commitments	1,352	2,153										3,505
Supply and Services—												
Public Works—												
Remaining payments	74,091	74,091	74,091	74,091	74,091	370,455	379,766	359,098	215,521	71,441		1,766,736
Imputed interest	68,031	67,371	66,640	65,826	64,923	307,158	257,856	171,855	85,826	15,690		1,171,176
Net commitments	6,060	6,720	7,451	8,265	9,168	63,297	121,910	187,243	129,695	55,751		595,560
Canada Mortgage and Housing Corporation (Government Account)—												
Remaining payments	5,169	5,169	5,169	5,169	5,169	20,471	18,169	18,169	5,451			88,105
Imputed interest	4,064	3,930	3,782	3,616	3,430	14,666	11,620	6,568	466			52,142
Net commitments	1,105	1,239	1,387	1,553	1,739	5,805	6,549	11,601	4,985			35,963
Consolidated Crown corporation—												
Canadian Broadcasting Corporation—												
Remaining payments	31,294	33,872	35,601	37,541	40,316	139,909	247,676	244,301	244,301	244,301	122,152	1,421,264
Imputed interest	41,460	41,371	41,941	42,415	42,765	128,125	205,766	184,449	149,105	92,890	15,647	985,934
Net commitments	-10,166	-7,499	-6,340	-4,874	-2,449	11,784	41,910	59,852	95,196	151,411	106,505	435,330
Summary—												
Remaining payments	112,724	116,062	114,861	116,801	119,576	530,835	645,611	621,568	465,273	315,742	122,152	3,281,205
Imputed interest	114,373	113,108	112,363	111,857	111,118	449,949	475,242	362,872	235,397	108,580	15,647	2,210,506
Executory costs		341										341
Net commitments	-1,649	2,613	2,498	4,944	8,458	80,886	170,369	258,696	229,876	207,162	106,505	1,070,358

International organizations

Table 11.12 summarizes commitments made to international organizations which are also summarized in Note 14 to the audited financial statements in Section 1 of this volume. These commitments relate to agreements with international organizations and other sovereign nations, which stipulate that the Government will disburse funds in future years for loans, advances and paid-in share capital. Some of these disbursements will be in the form of budgetary payments, while others will be non-budgetary. Additional information on these commitments is provided in Table 11.15 and in Section 1 of this volume.

TABLE 11.12

INTERNATIONAL ORGANIZATIONS SUMMARY

(in millions of dollars)

	Undisbursed loans and advances	Future paid-in share capital	Total
Non-budgetary share capital and loans	828	96	924
Budgetary loans and advances	1,203		1,203
Total	2,031	96	2,127

Insurance Programs of Agent Enterprise Crown Corporations

Three Crown corporations currently operate insurance programs as agents of Her Majesty. An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision operated by the corporation. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc, are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis but in recent years, the Deposit Insurance Fund administered by the Canada Deposit Insurance Corporation has required funding from the Government to meet obligations.

Information presented in Table 11.13 has not been audited since the information presented therein is derived from interim financial statements. The most recent annual financial statements of these corporations may be found in the "President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada". Insurance programs of agent Crown corporations are summarized in Note 15 to the audited financial statements in Section 1 of this volume.

In Table 11.13, a minus "-" sign preceding the amount reported indicates a fund deficit, an expense recovery or adjustment, or a decrease or loss during the year.

TABLE 11.13

SUMMARY OF INSURANCE PROGRAMS OF AGENT ENTERPRISE CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1994

(in millions of dollars)

	Canada Deposit Insurance Corporation ⁽¹⁾				Canada Mortgage and Housing Corporation ⁽²⁾				Export Development Corporation ⁽³⁾			
			Mortgage Insurance Fund		Mortgage-Backed Securities Guarantee Fund		Home Improvement Loan Fund		Rental Guarantee Fund			
	1993-94	1992-93	1993-94	1992-93	1993-94	1992-93	1993-94	1992-93	1993-94	1992-93	1993-94	1992-93
Insurance in force as at reporting date	306,938	303,071	88,000	74,600	16,388	13,532	nil	nil	N/A	N/A	6,877	5,886
Opening balance of Fund ⁽⁴⁾ ..	-1,713	-634	86	99	11	6	1	1	18	18	102	89
Revenue for the year—												
Premiums and fees	391	302	284	234	9	7					51	30
Investment income	10	6	161	135	3	2						
Other revenue	6	1		2					1	1		
Total revenue	407	309	445	371	12	9	(5)	(5)	1	1	51	30
Expense for the year—												
Loss on/provision for claims	109	960	377	295							51	14
Interest on loans	211	199										
Administrative	22	29	116	89	6	4			1	1	-5	3
Funds returned to Government					5		1		5			
Total expense	342	1,188	493	384	11	4	1	(5)	6	1	46	17
Net income/loss (-) for the year	65	-879	-48	-13	1	5	-1	(5)	-5		5	13
Closing balance of Fund ⁽⁶⁾ ..	-1,648	-1,513	38	86	12	11	nil	1	13	18	107	102
Net claims during the year ⁽⁷⁾	546	53	284	333	N/A	N/A	nil	(5)	N/A	N/A	3	36
Five year average of net claims paid	317	272	144	89	N/A	N/A	nil	(5)	N/A	N/A	12	14

N/A—Not applicable.

(1) The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to \$60,000 per depositor, per institution. In recent years, premiums paid by member institutions have not been sufficient to meet obligations incurred by CDIC under the insurance plan. This deficiency has been funded, in part, by loans from the Government of \$3,151 million at March 31, 1994 (\$3,085 million at March 31, 1993). The Government is continuing to explore alternatives to allow CDIC, over the long run, to eliminate its deficiency without budgetary support from the Government. Since there is no reason to believe that this will not be the case, no provision has been made in the accounts of Canada for the losses experienced by CDIC.

(2) Canada Mortgage and Housing Corporation (CMHC) administers four funds of which the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund are active. The MIF provides insurance for a fee, to private sector lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by private institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF as of September 30, 1993 disclosed that the Fund is more than sufficient to pay all future claims with respect to business in force. The surplus as at September 30, 1993 was estimated to be \$9.4 million. The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a fee paid by approved financial institutions, CMHC and ultimately the Government, guarantee timely payment of principal and interest to MBS investors who participate in a pool of MIF insured first residential mortgages which have been repackaged by the financial institution into investments of \$5,000 denominations. Since 1984, the Corporation has also operated the Mortgage Rate Protection Program (MRPP). As premiums collected by CMHC for the Program are remitted directly to the Consolidated Revenue Fund (CRF) and obligations of the MRPP are ultimately payable from the CRF, the Mortgage Rate Protection Program does not meet the definition of a Crown corporation insurance plan as defined above. Therefore, operating particulars of this Program are not included in this summary but some information will be found in the notes to the Government of Canada Statement of Contingent Liabilities.

(3) The Export Development Corporation provides export and foreign investment insurance to Canadian business to facilitate and develop export trade. The insurance fund has been adequate to provide for the full cost of claims experienced to date and to establish an allowance for future claims based on previous claims experience.

(4) CDIC has established a general provision for loss on insured deposits amounting to \$200 million for losses on insured deposits where such losses cannot be identified by institution. The retroactive impact of this decision on the opening balance of the fund was an increase in the deficit from \$1,513 million to \$1,713 million.

(5) Less than \$500,000.

(6) The Home Improvement Loan Insurance Fund was terminated in April 1993. All residual assets have been returned to the Consolidated Revenue Fund.

(7) Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

For the purpose of reporting contingent liabilities, the Government of Canada is defined as all organizations which are accountable for the administration of their affairs and resources either to a Minister of the Government or directly to Parliament, and which are owned or controlled by the Government. Except for Government enterprises, all Government organizations are accounted in the financial statements by consolidation. Government enterprises are accounted for by the cost method and are defined to be those corporate organizations that sell goods and services to individuals and non-government organizations as their principal activity, and are not appropriation-dependent.

Consequently, the contingent liabilities of consolidated Crown corporations are included with those of the Government in Table 11.14 but in summary form only. For further details of contingent liabilities of consolidated Crown corporations, refer to Table 5.4—"Contingent Liabilities of Consolidated Crown Corporations". Particulars of contingent liabilities of enterprise Crown corporations are not consolidated with those of the Government but details of these contingencies may be found in Table 6.9—"Contingent Liabilities of Enterprise Crown Corporations". However, the borrowings of agent enterprise Crown corporations are reported with the contingent liabilities of the Government in compliance with the *Financial Administration Act*. In accordance with Section 54 of the Act, the repayment of all money borrowed by agent enterprise Crown corporations is payable out of the Consolidated Revenue Fund. Such borrowings therefore, constitute potential obligations of the Government and are reported as such in Table 11.14. Three agent enterprise Crown corporations also operate insurance programs. Information regarding these insurance programs can be found in Table 11.13 of this section.

The contingent liabilities of the Government include borrowings by agent Crown corporations (net of allowance for loss), from non-government sources and explicit guarantees by the Government for borrowings by non-agent Crown corporations from the private sector. In other cases, the Government has

agreed to guarantee loans made by agent enterprise Crown corporations to Indians for on-reserve housing. As well, the Government has also guaranteed collectively or specifically the loans of certain individuals and companies that they obtained from financial institutions in the private sector. These explicit guarantees cover guarantee programs of the Government, explicit guarantees by the Government for loans, financial arrangements and other potential liabilities, insurance programs of the Government and other explicit guarantees. They also comprise potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items. Pending and threatened litigation is reported in total as are the contingent liabilities of consolidated Crown corporations in the following table. Also included, are contingent liabilities related to present and future callable share capital and lines of credit for international organizations.

Contingent liabilities other than loan guarantees and borrowings of agent enterprise Crown corporations, are recorded in the accounts when they become actual liabilities. Losses on loan guarantees are accrued in the accounts through a valuation allowance calculation when it is likely that a payment will be made in the future to honour a guarantee and where the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the loan guarantee, loss experience and the use of other measurement techniques. Borrowings of agent enterprise Crown corporations are recorded as liabilities through a valuation allowance for the portion not expected to be repaid directly by these corporations.

Also included in Table 11.14 are contingent liabilities related to present, and future callable share capital and lines of credit for international organizations. These contingent liabilities may result in non-budgetary future payments.

The following table is also summarized in Note 16 to the financial statements of the Government in Section 1 of this volume.

TABLE 11.14

STATEMENT OF CONTINGENT LIABILITIES
AS AT MARCH 31, 1994

	Authorized limit (where applicable) ⁽¹⁾	Contingent liability ⁽²⁾	Percentage of expected losses to outstanding guarantees (where applicable) ⁽³⁾
	\$	\$	%
GUARANTEES BY THE GOVERNMENT OF—			
Borrowings by enterprise Crown corporations which are agents of Her Majesty		21,324,664,000 ⁽⁴⁾	18.2
Explicit borrowings by enterprise Crown corporations which are not agents of Her Majesty—			
Canadian National Railway Company—Bonds and notes	130,500	130,500	
	130,500	21,324,794,500	
Borrowings by other than enterprise Crown corporations—			
From agents—			
Loans to Indians by the Canada Mortgage and Housing Corporation			
and the Farm Credit Corporation, for on-reserve housing	1,200,000,000	67,187,324 ⁽⁵⁾	
From other than agents—			
Guarantee programs of the Government—			
Canada Student Loans Act	9,315,483,980 ⁽⁶⁾	4,123,540,543	9.3
Small Businesses Loans Act	1,504,371,613 ⁽⁶⁾	744,666,505	12.9
Farm Improvement Loans Act and Farm Improvement and			
Marketing Cooperatives Loans Act	543,672,858 ⁽⁶⁾	534,297,427	2.0
Atlantic Enterprise Program	78,229,090	78,229,090 ⁽⁷⁾	32.0
Advance Payments for Crops Act	400,000,000	65,290,839	3.1
Enterprise development program and Canadian Industrial Renewal Board	1,042,586,037	5,919,521 ⁽⁸⁾	
Fisheries Improvement Loans Act	3,103,329 ⁽⁶⁾	2,892,821	100.0
Regional Development Incentives Act	20,304,075	2,150,743	
Loans to Indians by approved lenders for on-reserve housing	⁽⁹⁾	818,249,396 ⁽⁵⁾	0.2
Financial obligations incurred by air carriers regarding purchase of			
The de Havilland Aircraft of Canada, Limited DHC-7 and DHC-8 aircraft	970,875,000 ⁽¹⁰⁾	493,088,564 ⁽¹⁰⁾	15.6
Indian economic development	33,256,185 ⁽¹¹⁾	2,511,631 ⁽⁵⁾	
Aboriginal Economic Program	2,579,999	2,192,999	
Supplemental DHC-8 aircraft Insurance Program	10,000,000	1,890,000	
	13,924,462,166	6,874,920,079	
Other explicit loan guarantees— ⁽¹²⁾			
Loans with respect to the Hibernia Development Project Act	1,660,000,000	503,251,070 ⁽¹⁰⁾	
Loans to NewGrade Energy Inc to finance construction of a heavy oil upgrader	275,000,000	275,000,000	
Loan to PWA Corporation for operating purposes	50,000,000	50,000,000	
Loans to Marine Industries Limited for acquisition of assets	55,000,000	37,000,000	
Loans for the financing of Alcell Technologies Inc (ATI)	75,000,000	25,000,000	
Loan to St Marys Paper Inc to modernize and expand a paper			
making facility at Sault Ste Marie, Ontario	15,000,000	15,000,000	
Commodity-based loans under the Farm Credit Act		11,445,661	
Loans for the restructuring of Maislin Industries Ltd	9,184,873 ⁽¹⁰⁾	9,184,873 ⁽¹⁰⁾⁽¹³⁾	
Loan to Seafreez Food Limited for acquisition of assets	15,000,000	4,048,805	
	2,154,184,873	929,930,409	
Insurance programs of the Government— ⁽¹⁴⁾			
Accounts administered for the Government by the Export			
Development Corporation—Insurance and related guarantees	13,000,000,000 ⁽¹⁶⁾	595,000,000	
Insurance against accidents at nuclear installations under			
the Nuclear Liability Act ⁽¹⁵⁾	600,000,000	589,458,479	
Insurance under the Fishing Vessel Insurance Plan ⁽¹⁷⁾	27,304,284	222,743,190	
	13,627,304,284	1,407,201,669	
Other explicit guarantees— ⁽¹⁸⁾			
Guarantees under the Prairie Grain Advance Payments Act		556,018,263	0.1
Guarantees to holders of mortgages insured by the			
Mortgage Insurance Company of Canada		45,808,000	
Guarantees under the Agricultural Products Cooperative Marketing Act		13,798,131	
Guarantee of electricity sales by Yukon Energy Corporation to			
Curragh Resources Inc	900,000	900,000 ⁽¹⁹⁾	
	900,000	616,524,394	
Total gross guarantees	30,906,981,823	31,220,558,375	
Less: allowance for losses		4,930,000,000 ⁽²⁰⁾	
Net exposure under guarantees		26,290,558,375	

TABLE 11.14

STATEMENT OF CONTINGENT LIABILITIES
AS AT MARCH 31, 1994—*Continued*

	Authorized limit (where applicable) ⁽¹⁾	Contingent liability ⁽²⁾	Percentage of expected losses to outstanding guarantees (where applicable) ⁽³⁾
	\$	\$	%
INTERNATIONAL ORGANIZATIONS		14,634,742,007 ⁽¹⁰⁾⁽²¹⁾	
CLAIMS AND PENDING AND THREATENED LITIGATION		8,268,282,268 ⁽¹⁰⁾⁽²²⁾	
COMPREHENSIVE NATIVE LAND CLAIMS		622,777,485 ⁽²³⁾	
Subtotal ⁽²⁴⁾		49,816,360,135	
CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS		44,892,000 ⁽²⁵⁾	
Total		49,861,252,135	

- (1) The authorized limits indicated in the above statement, represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.
- (2) A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.
- (3) The percentage of expected losses is calculated, where applicable, by dividing the amount of allowances for loan guarantees by the amount of the corresponding outstanding guarantees computed as at March 31, 1994.
- (4) Borrowings by agent enterprise Crown corporations in accordance with Section 54 of the *Financial Administration Act*, are considered potential obligations of the Government and are therefore included in this statement. Outstanding borrowings for these Crown corporations are summarized as follows as at March 31, 1994:

	(in thousands of dollars)
Atomic Energy of Canada Limited	11,320
Canada Development Investment Corporation	472,727
Canada Mortgage and Housing Corporation	1,573,225
Canada Post Corporation	198,994
Canadian Wheat Board, The	7,282,827
Export Development Corporation	7,793,328
Farm Credit Corporation	863,115
Federal Business Development Bank	2,602,111
Freshwater Fish Marketing Corporation	6,076
Petro-Canada Limited	501,237
Saint John Port Corporation	19,696
Seaway International Bridge Corporation, Ltd, The	8
Total	21,324,664

- (5) For more information on the borrowings of agent Crown corporations, please refer to Table 6.6 in this volume.
- (6) Includes committed guarantees for the following loans to be made: to Indians for on-reserve housing, \$166,990,579 and for Indian economic development, \$24,000. At March 31, 1994, no loans had been issued for these amounts.
- (7) The Act places limits on the maximum amount of guarantee for loans made by eligible lenders over different loan periods. The maximum amount of guarantee by lender is expressed in legislation as a percentage of aggregate loans made to qualified borrowers and varies according to the dollar value range of aggregate loans made by the lender. The authorized limits for given loan periods are included in the figure reported until all qualified loans made by all eligible lenders in the given periods are no longer outstanding, and are not adjusted for loan repayments nor payments made by the Government for guaranteed amounts in which default has occurred.
- (8) The Atlantic Enterprise Program offers loan insurance on new term loans for the establishment, expansion or modernization of commercial operations in eligible sectors in the Atlantic provinces where the Program is administered by the Atlantic Canada Opportunities Agency (\$73,305,225 as at March 31, 1994) and in the Gaspé Peninsula and Magdalen Islands of Québec where administration of the Program is the responsibility of the Federal Office of Regional Development (Québec) (\$4,838,059 as at March 31, 1994). The Department of Industry, Science and Technology has responsibility for all capital projects in excess of \$20 million in the Atlantic provinces (\$85,806 as at March 31, 1994).
- (9) There are no loan guarantees attributable to the Canadian Industrial Renewal Board.
- (10) The authorized limit for loan guarantees for on-reserve housing totals \$1.2 billion (as shown above) for loans made by the Canada Mortgage and Housing Corporation, the Farm Credit Corporation and other approved lenders.
- (11) Amount denominated wholly or partially in a foreign currency and translated at the closing rate of exchange as at date of the statement.
- (12) The maximum aggregate amount that may be paid or that may have been paid from the Consolidated Revenue Fund (CRF) relative to Indian economic development in previous, current or subsequent years, with respect to all guarantees authorized and granted, is set at \$60 million. As at March 31, 1994, \$27,743,815 has been expended from the CRF leaving a balance of \$32,256,185 available for disbursement.
- (13) Ridley Terminals Inc. (RTI) became a wholly-owned subsidiary of Canada Ports Corporation, an agent enterprise Crown corporation, on July 30, 1991. Canada Ports Corporation has arranged long-term financing (\$195,771,540 as at March 31, 1994) with an agent Crown corporation to facilitate the acquisition of RTI, payment of which has been guaranteed by the Government. The lending Crown corporation has in turn borrowed from a private sector Bank and an appropriate provision has been made in the accounts of Canada by the Government in accordance with Note 4 above and Note 20 which follows. Consequently, a contingent liability does not exist in this situation.
- (14) Maishin Industries Ltd was placed in receivership on July 11, 1983 and declared bankrupt on October 19, 1983. To date, the Government has made interim payments totalling \$20,361,132 US to creditors under a guarantee in the amount of \$27 million US. It is anticipated that the Government will make a further payment of approximately \$1 million to settle remaining obligations to creditors sometime in 1994.

TABLE 11.14

STATEMENT OF CONTINGENT LIABILITIES
AS AT MARCH 31, 1994—*Concluded*

- (14) Since 1984, the Canada Mortgage and Housing Corporation (CMHC) has operated the Mortgage Rate Protection Program on behalf of the Government. In return for payment of a premium, CMHC will reimburse homeowners 75 percent of any increase in monthly mortgage payments, above a deductible, due to higher interest rates at the time of mortgage renewal. As recent mortgage interest rates have been relatively stable, the Program is not widely utilized and loans covered by the Program at March 31, 1994 amounted to only \$911,000 (\$911,000 at March 31, 1993). Premiums collected by CMHC are remitted directly to the Consolidated Revenue Fund (CRF) and obligations are ultimately payable from the CRF. Because of the nature of the Program, it is not possible to estimate the amounts, if any, that might be payable at some future date.
- (15) There have been no claims under the *Nuclear Liability Act* since its inception in 1970. The Act covers 8 Canadian nuclear installations as at March 31, 1994.
- (16) The *Export Development Act* specifies that Export Development Corporation may enter into contracts of insurance, re-insurance, related guarantees and other agreements up to a maximum of \$13 billion, the authorized limit.
- (17) The Fishing Vessel Insurance Plan is administered by the Government to assist fishermen in meeting abnormal capital losses. A consolidated specified purpose account is credited with all amounts received by way of premiums, recoveries and with advances in accordance with regulations by the Government, such advances not to exceed \$150,000 at any time. The account is debited with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen, where the collision involves a vessel insured under the Plan. As at March 31, 1994, the insured value of vessels under the Plan amounted to \$222,743,190; the balance of the account was \$27,154,284 and outstanding claims against the Plan amounted to \$657,621.
- (18) A letter of comfort has been issued with respect to credit grain sales by The Canadian Wheat Board. The letter states that the Government will assume responsibility for the liabilities arising from defaults in payment by countries purchasing Canadian grain on credit. Receivables under this guarantee amounted to \$6.9 billion at March 31, 1994.
- (19) The Government has agreed to pay Yukon Energy Corporation up to \$300,000 per year up to March 31, 1997 should electricity sales to Curragh Resources Inc. fall below specified limits.
- (20) Included in the allowance for probable losses is \$3,885 million (\$3,560 million in 1993) for borrowings of agent enterprise Crown corporations.
- (21) The Government has contingent liabilities for callable share capital and future callable share capital related to shares in certain international organizations. The Government has also issued lines of credit to international organizations to finance future lending. Because these contingent liabilities relate to non-budgetary share capital and loans, there would be no impact on budgetary expenditure if these potential liabilities become actual liabilities, as cash would simply be exchanged for another asset. See Table 11.15 for more details of these contingencies.
- (22) Classified as follows:

(in millions of dollars)

a. alleged breach of written, verbal, statutory contracts including construction disputes	314
b. damage to property including loss of income	793
c. physical and mental injury including accidents and false imprisonment	268
d. expropriation and land claims	5,769
e. miscellaneous	1,125
Subtotal	8,269
Less duplicated claims	1
Total	8,268

Included in (d.) above is \$5 billion, a major portion of which is related to native statutory and treaty obligations representing plaintiffs' claims in 119 litigation cases. There are another 184 similar cases for which amounts are not stated in the claims, and for which it is not possible to determine the amounts that may be ultimately payable. In addition, the Government has 354 cases, not yet in litigation, of which 80 cases representing plaintiffs' claims amounting to \$767.5 million are also included in (d.). The amount involved for the remaining 274 claims cannot be determined at this time and no amount for such claims is shown.

- (23) The Government has 55 comprehensive native land claims either under negotiation, accepted for negotiation or under review. Of the 55 comprehensive claims, ten claims relating to the Council for Yukon Indians and a portion of the Dene-Metis claim are in the final stages of negotiation. Should negotiations be ratified, the Government would be liable to pay financial compensation over a number of years as follows:

(in millions of dollars)

Council for Yukon Indians	163
Portion of the Dene-Metis claim	197
	360
Implementation costs	263
	623

The remaining 44 comprehensive claims have not yet been quantified.

- (24) Contingent gains. A contingent gain is a potential gain or possible recovery that may become an actuality when one or more future events occur or fail to occur. Four departments reported contingent gains as at March 31, 1994 totalling \$9.8 million.
- (25) In accordance with the Government's significant accounting policies, the contingent liabilities of Crown corporations that rely on Government funding as their principal source of revenue, are consolidated with those of the Government. See Table 5.4 of this volume for further details of the contingent liabilities of consolidated Crown corporations.

International Organizations

Table 11.15 summarizes the contingent liabilities and commitments for international organizations according to whether they would result in the disbursement of funds for non-budgetary share capital and loans, or for budgetary loans and advances. Non-budgetary share capital and loans are considered to be assets of the Government, whereas budgetary loans and advances are considered to be transfer payments to the organizations or countries involved.

Within the contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations. Future callable share capital consists of callable share capital related to subscriptions that Canada has made a commitment to purchase in future. As well, lines of credit that have been made available to international organizations to finance future lending activities are included as contingent liabilities.

Commitments reported in this table include loans and advances to international organizations and developing countries, which Canada has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations.

Table 11.15 provides additional information on contingent liabilities for international organizations that are summarized in Table 11.14 and contractual commitments for international organizations that are summarized in Table 11.12. Information contained in this table is also summarized in Notes 14 and 16 to the financial statements which are included in Section 1 of this volume.

TABLE 11.15

INTERNATIONAL ORGANIZATIONS CONTINGENT LIABILITIES AND COMMITMENTS

(in millions of dollars)

	Contingent liabilities ⁽¹⁾				Commitments ⁽¹⁾		
	Callable share capital	callable share capital	Future Lines of credit	Total	Undisbursed loans and advances	Future paid-in share capital	Total
NON-BUDGETARY SHARE CAPITAL AND LOANS—							
African Development Bank	701			701			
Asian Development Bank	1,205			1,205			
Caribbean Development Bank	63	5		68		1 ⁽²⁾	1
Inter-American Development Bank	3,484			3,484			
International Bank for Reconstruction and Development (World Bank)	7,012			7,012			
Multilateral Investment Guarantee Agency	36			36			
European Bank for Reconstruction and Development	384			384		66 ⁽²⁾	66
International Finance Corporation						29	29
International Monetary Fund			1,744	1,744	380		380
Developing countries—Canada Account					448		448
Subtotal	12,885	5	1,744	14,634	828	96	924
BUDGETARY LOANS AND ADVANCES—							
Asian Development Fund					89 ⁽²⁾		89
International Development Association					553 ⁽²⁾		553
Global Environment Facility					111 ⁽²⁾⁽³⁾		111
International Monetary Fund					284		284
Developing countries—Canada Account					166		166
Subtotal					1,203		1,203
Total	12,885	5	1,744	14,634	2,031	96	2,127

⁽¹⁾ Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1994 (1\$US = \$1.3835 Cdn; 1SDR = \$1.95433 Cdn).⁽²⁾ These amounts represent, in certain cases, notes payable to be issued in future years.⁽³⁾ An instrument of subscription has not yet been deposited nor has a schedule of note issuances been determined.

Note : Canada has agreed to lend the Enhanced Structural Adjustment Facility Special Drawing Rights (SDR) 300 million of which SDR 105.4 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 165 million, of which SDR 19.7 million has been paid-in. In addition, lines of credit of SDR 892.5 million have been made available to the International Monetary Fund (IMF), subject to Canada's approval. This amount represents Canada's share of a credit arrangement to supplement the IMF's resources. The IMF did not utilize this arrangement in 1993-94. Canada has the right to opt out of calls on the arrangement on balance of payments and reserve grounds. Any drawdowns would involve an exchange of SDRs or currencies from official reserves in return for a reserve claim on the IMF.

SECTION 12

1993-94

PUBLIC ACCOUNTS

Index

INDEX

NOTE—NUMBERS IN **BOLD FACE** PERTAIN TO SECTIONS IN THIS VOLUME**A**

Accounting for expenditure, **4.2**
 Accounting for revenue, **3.2**
 Accounting policies
 changes, **1.12**
 summary of significant, **1.11**
 Accounts payable, **8.5**
 and accrued liabilities, **1.9, 8.2, 8.5**
 other, **8.5**
ACCOUNTS RECEIVABLE, see Volume II (Part II), Section 4
 Accounts receivable, **1.8, 11.2**
 Accounts receivable of consolidated Crown corporations, **11.2, 11.4**
 Accumulated deficit, **1.8, 1.15, 11.7**
 statement of, **1.6**
 Administered trust accounts, **7.12, 7.15**
 Advance account—Canadian Film Development Corporation, **7.19, 7.25**
 Advance payments—Statistics Canada, **7.21, 7.29**
 African Development Bank, **6.32, 6.33, 6.34**
 Aging of accounts receivable, **11.4**
 Agricultural Commodities Stabilization Accounts, **5.10, 5.13**
 loans, **5.10**
 Agricultural service centres, **6.23, 6.25**
 Agriculture development workshops, **7.19, 7.24**
 Air Canada, **6.39, 6.43**
 Alexander Graham Bell National Historic Site, **5.11, 5.15**
 Allowance for borrowings of agent enterprise Crown corporations
 expected to be repaid by the Government, **1.9, 6.18, 8.2, 8.6**
 Allowance for employee benefits, **1.9, 8.2, 8.6**
 Allowance for loan guarantees, **8.5**
 Allowance for the actuarial liability for pensions, **7.7, 7.10**
 Allowance for valuation, **1.8, 6.2, 6.46**
 Annuities agents' pension account, **7.19, 7.23**
 Armed services—Estates, **7.12, 7.15**
 Army benevolent fund, **7.22, 7.30**
 Asian Development Bank, **6.32, 6.33, 6.34**
 Assets and liabilities
 statement of, **1.8**
 Atlantic Development Board carry-over projects, **6.22, 6.23, 6.25**
 Atlantic Provinces Power Development Act, **6.22, 6.23, 6.25**
 Atomic Energy of Canada Limited, **6.5, 6.8**
 Atomic Energy of Canada Limited regional seismic monitoring station,
 7.20, 7.25
 Authorities available from previous years, *see Volume II (Part I),*
 Section 1
 Authorities granted by statutes other than Appropriation Acts, *see*
 Volume II (Part I), Section 1
 Authorities granted in current year Appropriation Acts, *see Volume II*
 (Part I), Section 1
 Aviation gas and diesel fuel—Excise tax, **3.3**

B

Bank of Canada, **6.5, 6.9**
 Benefit trust fund, **7.12, 7.15**
 Borrowings by agent enterprise Crown corporations, **6.18**
 Borrowings by consolidated agent Crown corporations, **5.8**
 Borrowings by enterprise Crown corporations, **6.19**
 Borrowings expected to be repaid by these enterprise Crown
 corporations, **8.6**
 Borrowings of agent enterprise Crown corporations, **8.6**
 Borrowings of consolidated Crown corporations, **8.5**
 Budgetary
 expenditure, **1.6, 4.4**
 revenue, **1.6, 3.5**
 transactions, **1.6, 2.2, 2.3, 2.4**
BUDGETARY EXPENDITURE, 4
 Budgetary (expenditure), *see Volume II (Part I), Section 1*
BUDGETARY REVENUE, 3

C

Canada bills, **1.9, 10.2, 10.12**
 issues and redemptions, **10.12**
 Canada/British Columbia agri-food development projects, **7.19, 7.24**
 Canada Deposit Insurance Corporation, **1.8, 6.2, 6.5, 6.6**
 Canada Development Investment Corporation, **6.5, 6.9**
 Canadair Limited, **7.11, 7.13**
 Canada Employment and Immigration Commission relating to the
 Unemployment Insurance Account, **5.16**
 Canada Foundation account, **7.20, 7.26**
 Canada/Manitoba partnership agreement on municipal water
 infrastructure for rural economic diversification, **7.19, 7.24**
 Canada Mortgage and Housing Corporation, **1.8, 6.2, 6.5, 6.6**
 Canada Pension Plan, **1.9, 1.17, 2.8, 7.2, 7.4**
 Canada Pension Plan Account, **7.4, 7.5**
 Canada Pension Plan Account and the Canada Pension Plan
 Investment Fund, **7.31**
 Canada Ports Corporation, loans, **6.5, 6.9**
 Canada Post Corporation, **6.5, 6.10**
 Canada savings bonds, **1.9, 10.2, 10.9**
 held on account of employees, **10.2**
 held on account of the Payroll Savings Plan, **10.2**
 Canadair Limited, **7.11, 7.13**
 Canadian Centre for Occupational Health and Safety—Donations, **5.11,**
 5.15
 Canadian Commercial Bank, **6.39, 6.43**
 Canadian Commercial Bank and Northland Bank holdback account,
 5.11, 5.15
 Canadian Dairy Commission, **6.5, 6.10**
 account, **7.11, 7.13**
 Canadian defence industry, **6.40, 6.44**
 Canadian Film Development Corporation—Advance account, **7.19,**
 7.25
 Canadian Forces housing projects, **6.40, 6.45**
 Canadian Forces Superannuation Account, **7.7, 7.8**
 Canadian jobs strategy program, **7.19, 7.25**
 Canadian Museum of Civilization
 deposit account, **7.11, 7.13**
 payroll account, **7.11, 7.13**
 Canadian Museum of Nature, deposit account, **7.11, 7.13**

C—Concluded

Canadian National Railway Company, 1.8, 6.2, 6.5, 6.7
 Canadian Ownership Account, 5.10, 5.12
 investments, 5.10
 special charge collected, 5.10
 Canadian producers of frozen groundfish, 6.39, 6.43
 Canadian Salfish Corporation, 6.5, 6.10
 Canadian Sports Pool Corporation—Other outstanding liabilities, 7.21, 7.29
 Canarctic Shipping Company Limited, 6.37, 6.38
 Candidates' election deposits, 7.11, 7.14
 Cape Breton Development Corporation, 6.5, 6.10
 Capital leases, 11.13
 Caribbean Development Bank, 6.32, 6.33, 6.34
 Cash, 1.8, 11.6
 balance at beginning of year, 1.6
 balance at end of year, 1.6, 2.2, 2.7
 in Canadian currency deposits, 11.6, 11.7
 in foreign currency deposits, 11.6, 11.7
 in hands of collectors and in transit, 11.4, 11.5
 in transit, 1.8, 11.4
 Child-support—Shared-cost project, 7.21, 7.29
 China, loan to, 6.27, 6.31
 Civil service insurance fund, 7.19, 7.22
 Claudia de Hueck Bequest Account, 5.10, 5.14
 Commitments under capital lease arrangements, 11.13
 in order of maturity, 11.14
 Common Fund for Commodities, 6.32, 6.35
 Common school funds—Ontario and Quebec, 7.20, 7.27
 Commonwealth War Graves Commission, 6.40, 6.46
 Company stock option, 6.40, 6.45
 Comparative statement of financial assets and liabilities, 2.5
 Comprehensive development plan agreement, 6.22, 6.25
CONSOLIDATED ACCOUNTS, 5
 Consolidated Crown corporations, 1.15, 5.3
 Consolidated specified purpose accounts, 5.10
CONSTRUCTION AND/OR ACQUISITION OF LAND, BUILDINGS AND WORKS, see Volume II (Part II), Section 6
CONSTRUCTION AND/OR ACQUISITION OF MACHINERY AND EQUIPMENT, see Volume II (Part II), Section 7
 Construction of multi-purpose exhibition buildings, 6.39, 6.41
 Continental geoscience division—Ontario Hydro, 7.20, 7.25
 Contingent liabilities, 11.18
 of consolidated Crown corporations, 5.8
 of enterprise Crown corporations, 6.20
 of the Government of Canada, 1.20
 Contractors' security deposits, 7.12, 7.14
 Contractual commitments, 1.19, 11.9
 Cooperative Energy Corporation, 6.37, 6.38
 Corporation income tax, 1.7, 3.3, 3.5
 Council for Yukon Indians, 6.39, 6.43
 Crop Reinsurance Fund, 5.10, 5.12
 loans, 5.10
 Crown corporations, 1.15
 enterprise, 1.8, 6.2, 6.4, 6.12
 expenditures, 1.7, 4.4
 Crown corporations' surplus moneys, 7.11, 7.13
 St Lawrence Seaway Authority, The, 7.11
 Cultural industries, 6.39, 6.41
 Cultural property, 6.39, 6.41
 Customs import duties, 1.7, 3.3, 3.6

D

Debt Servicing and Reduction Account, Statement of transactions, 1.25
 Defence production loan account, 6.40, 6.45
 Deficit
 accumulated, 1.8
 for the year, 1.7
 Dependents' pension fund, 7.19, 7.24, 7.40
 Deposit and trust accounts, 1.9, 7.2, 7.11
 Detailed statement of
 expenditure transactions, 2.4
 foreign exchange, unmatured debt and cash transactions, 2.7
 non-budgetary transactions, 2.6
 other transactions, 2.6
 revenue and expenditure transactions, 2.10
 revenue transactions, 2.3
 transactions—Certain specified purpose accounts, 2.8,
 Canada Pension Plan, 2.8
 Superannuation accounts, 2.8
 Details of amounts credited to the vote, *see related ministerial section in Volume II (Part I)*
 Details of certain transfer payments by province, 4.8
 Details of other program expenditures by department, *see Volume II (Part I), Section 1*
 Details of other transfer payments, *see Volume II (Part I), Section 1*
 Developing countries—International development assistance, 6.27, 6.29
 Development of export trade, 6.27, 6.39, 6.42
 Domestic coinage, 3.3
 Donations—Canadian Centre for Occupation Health and Safety, 5.11, 5.15
 Donations for research—Medical Research Council, 5.10, 5.14
 Dyskinesia and torticollis research, 7.21, 7.30

E

Energy taxes, 1.7, 3.3, 3.6
 Enterprise Crown corporations, 1.8, 6.2, 6.4, 6.12
 Environmental Studies Research Funds, 5.10, 5.13
 Eskimo loan fund, 6.39, 6.43
 Estates—Armed services, 7.12, 7.15
 Estates fund, 7.12, 7.15
 European Bank for Reconstruction and Development, 6.32, 6.34
 Exchange Fund Account—Audited financial statements, 9.5
 Excise duties, 3.3
 Excise tax—
 Aviation gas and diesel fuel, 3.3
 Gasoline, 3.3
 Excise taxes and duties, 1.7, 3.3, 3.5
 miscellaneous, 3.3
 other, 1.7, 3.3, 3.6
 Expenditure, 1.7, 1.14
 by source, 4.4
 by standard object, 1.15, 4.4
 under statutory authority, 4.6, 4.7
 with outside parties by type, 4.2
 Experience development program—Summer employment, 7.19, 7.25
 Export Development Corporation, 1.8, 6.2, 6.5, 6.8

F

- Fair wages suspense account, 7.20, 7.25
- Fairs and missions, 7.11, 7.13
- Farm Credit Corporation, 1.8, 6.2, 6.5, 6.8
- Federal Business Development Bank, 1.8, 6.2, 6.5, 6.8
- Federal Court Special account, 7.21, 7.29
- Federal/provincial cost-sharing agreements, 7.20, 7.27
- Federal-provincial employment loans program, 6.22, 6.23, 6.24, 6.25
- Federal-provincial fiscal arrangements, 6.22, 6.23, 6.25
- FEDERAL-PROVINCIAL SHARED-COST PROGRAMS, *see*
Volume II (Part II), Section 11
- Field British Columbia and Yukon Operations of the Northern Canada
Power Commission, 7.11, 7.13
- Financial assets, 1.8
- Financial assistance to Canadians abroad, 7.20, 7.26
- Financial assistance under budgetary appropriations to
consolidated Crown corporations, 5.9
- enterprise Crown corporations, 6.21
- Financial position of consolidated Crown corporations—Assets and
liabilities, 5.4
- Financial position of enterprise Crown corporations—Assets and
liabilities, 6.14
- FINANCIAL STATEMENTS OF DEPARTMENTAL
CORPORATIONS AND OTHER ENTITIES, *see* Volume II
(Part II), Section 2
- FINANCIAL STATEMENTS OF REVOLVING FUNDS, *see*
Volume II (Part II), Section 1
- FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA
AND OPINIONS OF THE AUDITOR GENERAL, 1
- Fines for the transportation of dangerous goods, 5.11, 5.15
- Fines—Indian Act, 7.20, 7.27
- Fish habitat restoration account, 5.11, 5.15
- Fishing Vessel Insurance Plan, 5.10, 5.13
- Fixed assets, purchases, operating leases and transfer payment
agreements, 11.9, 11.10
- Flight recorder software systems account, 5.11, 5.15
- Foreign claims fund, 7.20, 7.27
- FOREIGN EXCHANGE ACCOUNTS, 9
- Foreign exchange accounts, 1.8, 9.2
- Foreign exchange transactions, 2.2, 2.7
- Net source from, 1.6
- Foreign governments, 7.21, 7.29
- Forks sculpture contest account, 7.19, 7.24
- Fort Langley legacy foundation donation, 5.11, 5.15
- Freshwater Fish Marketing Corporation, 6.5, 6.10
- Friends of Rideau Hall account, 5.11, 5.15
- Funds from non-governmental organizations, 7.20, 7.26

G

- General security deposits, 7.12, 7.14
- Global Environment Facility, 6.33, 6.36
- Gold, 1.17
- Goods and services tax, 1.7, 3.3, 3.6
- Government Annuities Account, 1.9, 7.2, 7.10, 7.36
- Government of the Northwest Territories, 6.24, 6.26
- Government of the Yukon Territory, 6.24, 6.26
- Groundfish processors, 6.39, 6.43
- Guarantee deposits
 - Agriculture, 7.11, 7.13
 - Canadian International Development Agency, 7.20, 7.27
 - Customs and Excise, 7.11, 7.14
 - Energy, Mines and Resources—Oil and gas, 7.11, 7.13
 - Indian Affairs and Northern Development, 7.11, 7.13
 - Oil and gas, 7.11, 7.13
 - Reserve resources, 7.11, 7.14
- Guarantees—Loan, 1.20, 11.19

H

- Haddock fishermen, 6.39, 6.43
- Halifax 1917 explosion pension account, 7.12, 7.14
- Hamilton Harbour Commissioners, 6.40, 6.46
- Health Insurance Supplementary Fund, 5.10, 5.14
- Hibernia Development Project, 6.39, 6.43
- Hydro-Quebec Research Institute, 6.39, 6.41

I

- Immigration guarantee fund, 7.12, 7.14
- Imprest account cheques, 8.6
- Imprest accounts, standing advances and authorized loans, 6.39, 6.40
- Income from Patent Cooperation Treaty, 7.21, 7.28
- Income from securities in trust—Bankruptcy and Insolvency Act, 7.21,
7.28
- Income tax, 1.7, 3.3
- Indian
 - agencies revenue trust bank accounts, 7.20, 7.27
 - band funds, 7.12, 7.14
 - capital accounts, 7.12, 7.14
 - revenue accounts, 7.12, 7.15
 - shares and certificates, 7.20, 7.27
 - compensation funds, 7.21, 7.27
 - economic development fund, 6.39, 6.44
 - estate accounts, 7.12, 7.15
 - housing assistance fund, 6.39, 6.44
 - moneys suspense account, 7.21, 7.27
 - savings accounts, 7.12, 7.15
 - special accounts, 7.21, 7.28
- Industrial and regional development program, 6.39, 6.43
- Infrastructure projects (NATO), 7.21, 7.29
- Inmates' trust fund, 7.12, 7.15
- Insurance accounts, 5.10, 5.13
- Insurance and death benefit accounts, 7.19
- Insurance companies—Interest on bonds, 7.22, 7.30
- Insurance programs, 1.20
- Insurance programs of agent enterprise Crown corporations, 11.16
- Inter-American Development Bank, 6.32, 6.33, 6.34

I—Concluded

- Interest
 - accrued, 8.4
 - due, 8.4
 - on bonds—Insurance companies, 7.22, 7.30
 - rates, unmatured debt, 10.13
- Interest and matured debt, 1.9, 8.2, 8.4
- International Bank for Reconstruction and Development (World Bank), 6.32, 6.33, 6.35
- International development assistance, 6.27, 6.29
 - loans and subscriptions, 1.17
- International Development Association, 6.33, 6.36
- International Energy Agency—Implementing agreement, 7.20, 7.25
- International Finance Corporation, 6.32, 6.35
- International financial institutions, 6.33, 6.36
- International Monetary Fund
 - Enhanced Structural Adjustment Facility, 6.32, 6.35
 - notes payable, 1.8, 9.2, 9.4
 - subscriptions, 1.8, 9.2, 9.4
- International organizations, 1.8, 6.2, 6.31, 6.32, 11.15, 11.22
 - Contingent liabilities and commitments, 11.23
 - summary, 11.15
- International organizations and associations, 6.32, 6.36
- International reserves held in the Exchange Fund Account, 1.8, 9.2, 9.3
- Interport Loan Fund, 6.5, 6.10
- Inuvialuit Regional Corporation, 6.39, 6.44
- Investors' Indemnity Account, 5.10, 5.13

J

- Jamaica, 6.27, 6.31
- Joint and mixed enterprises—Loans, investments and advances, 1.8, 6.2, 6.37
- Joint venture—Bi-Provincial Upgrader, 6.39, 6.42

L

- Labour standards suspense account, 7.20, 7.25
- Land Assurance Fund, 5.10, 5.13
- Liabilities, 1.9
 - statement of assets and, 1.8
- Loan guarantees, 1.20, 11.20
- LOANS, INVESTMENTS AND ADVANCES, 6
- Loans, investments and advances, 1.8, 2.6, 6.2
- Loans and subscriptions—International development assistance, 1.17
- Loans to assist industry in the Cape Breton area, 6.39, 6.41
- Loans to enterprises in Newfoundland and Labrador, 6.39, 6.41
- Locally-engaged contributory pension account, 7.19, 7.24
- Long-term accounts receivable, 11.3
- Lower Churchill Development Corporation Limited, 6.37, 6.38

M

- Mackenzie King trust account, 7.19, 7.25
- Manufacturing, processing and service industries in Canada, 6.40, 6.45
- Marconi Celebration Trust Fund, 5.10, 5.14
- Market development incentive payments—Alberta, 7.20, 7.26
- Marketable bonds, 10.4
 - payable in Canadian currency, 1.9, 10.2, 10.4
 - payable in foreign currencies, 1.9, 10.2, 10.8
- Matured debt, 8.4
- Maturity and currency of borrowings by enterprise Crown corporations, 6.19
- Maturity of Government debt, 10.14

M—Concluded

- Medical Research Council—Donations for research, 5.10, 5.14
 - Members of Parliament Retirement Compensation Arrangements Account, 7.7, 7.9
 - Members of Parliament retiring allowances account, 7.7, 7.9
 - Meritorious graduate awards, 7.12, 7.15
 - Military purchases excess funds deposit, 7.22, 7.30
 - Ministerial expenditure by standard object, *see Volume II (Part I), Section 1*
 - Ministerial expenditure by type, *see Volume II (Part I), Section 1*
 - Ministerial revenue by main classification, *see Volume II (Part I), Section 1*
 - Ministry summary (of source and disposition of authorities), *see related ministerial section in Volume II (Part I)*
 - Miscellaneous accountable advances, 6.39, 6.40
 - Miscellaneous accountable imprest and standing advances, 6.39, 6.41
 - Miscellaneous departmental payroll deductions, 8.5
 - Miscellaneous federal/provincial projects, 7.21, 7.29
 - Miscellaneous loans, investments and advances, 1.8, 6.2, 6.39
 - Miscellaneous non-tax revenue, 3.3
 - Miscellaneous projects deposits—
 - Environment, 7.20, 7.26
 - Environment—Parks Program, 7.19, 7.25
 - Fisheries and Oceans, 7.20, 7.27
 - Forestry, 7.20, 7.26
 - Miscellaneous shared-cost agreements—Industry, Science and Technology, 7.21, 7.28
 - Missions abroad, 6.39, 6.40
 - Monies received after March 31 but applicable to the current year, 11.4, 11.5
 - Montreal Port Corporation, 6.5, 6.10
 - Multilateral Investment Guarantee Agency, 6.32, 6.35
 - Municipal Development and Loan Board, 6.22, 6.23, 6.24, 6.25
- N**
- National Accounts Presentation, 2.10
 - Detailed statement of revenue and expenditure transactions, 2.10
 - National Accounts transactions, 2.10
 - National Archives of Canada Account, 5.11, 5.14
 - National Battlefields Commission Trust Fund, 5.10, 5.14
 - National governments including developing countries—Loans, investments and advances, 1.8, 6.2, 6.27
 - National Library—Special Operating Account, 5.10, 5.14
 - National Research Council of Canada—
 - Special Fund, 7.21, 7.29
 - Trust Fund, 7.21, 7.29
 - National Round Table on the Environment and Economy, 5.10, 5.14
 - National Sea Products Ltd, 6.37, 6.38
 - Native claimants, 6.39, 6.44
 - NATO, *see North Atlantic Treaty Organization*
 - Natural Sciences and Engineering Research Council—
 - Donation Trust Fund, 5.10, 5.14
 - Trust Fund, 7.21, 7.29
 - Net Income Stabilization Account, 7.19, 7.24
 - 1924 Ontario lands agreement, 7.21, 7.28

N—Concluded

- Non-budgetary (loans, investments and advances), *see Volume II (Part I), Section 1*
- Non-budgetary transactions, 1.6, 2.2, 2.6
- Non-government agencies, 7.21, 7.29
- Non-lapsing authorities granted/revoked in the current year, *see Volume II (Part I), Section 1*
- Non-resident income tax, 1.7, 3.3, 3.5
- Non-tax revenue, 1.7, 3.3, 3.6
- Non-tax revenue receivable credited to votes receivable, 11.2
- North Atlantic Treaty Organization (NATO)
 - damage claims recoverable, 6.27, 6.31
 - infrastructure projects, 7.21, 7.29
- North Portage Development Corporation, 6.37, 6.38
- Notes to the financial statements of the Government of Canada, 1.11
- NPM Nuclear Project Managers Canada Inc, 6.37, 6.38
- Nuclear Liability Reinsurance Account, 5.10, 5.13
- NYSERDA—Diesel technology Research and Development, 7.20, 7.26

O

- Observations by the Auditor General, 1.27
- Ocean Drilling Program—Australia, 7.20, 7.26
- Opinion of the Auditor General on the financial statements of the Government of Canada, 1.5
- Other accounts reported on the Statement of Assets and Liabilities, 11.2
- Other cash—Consolidated Crown corporations, 11.4, 11.5
- OTHER GOVERNMENT-WIDE INFORMATION, *see Volume II (Part II), Section 12*
- OTHER INFORMATION RELATED TO THE FINANCIAL STATEMENTS, 11
- OTHER LIABILITIES, 8
- Other liabilities, 1.9, 8.2
- OTHER MISCELLANEOUS INFORMATION, *see Volume II (Part II), Section 13*
- Other non-tax revenue, 1.7, 3.3, 3.7
- Other outstanding liabilities—
 - Canadian Institute for International Peace and Security 7.20, 7.26
 - Canadian Sports Pool Corporation, 7.21, 7.29
- Other program expenditures, 4.5
- Other receivables, 11.2, 11.4
- Other Specified Purpose Accounts, 5.10, 5.14, 7.2, 7.19
- Other tax revenue, 1.7, 3.3, 3.6
- Other transactions, 2.6
- Ottawa Civil Service Recreational Association, 6.39, 6.43
- Outstanding cheques, 8.6
- Outstanding cheques and warrants, 1.9, 8.2, 8.6

P

- Pan American Health Organization (SIREVA), 7.21, 7.29
- Paris air show, 7.20, 7.26
- Parolees, 6.40, 6.45
- PAYMENTS OF CLAIMS AGAINST THE CROWN, EX GRATIA
 - PAYMENTS AND COURT AWARDS, *see Volume II (Part II), Section 10*
- Pension liability, 1.9, 1.17, 7.2, 7.6, 7.7
- Personal income tax, 1.7, 3.3, 3.5
- Personnel posted abroad, 6.39, 6.40
- Petro-Canada, 1.8, 6.2, 6.37, 6.38

P—Concluded

- Petro-Canada Enterprises Inc—Shares, 7.22, 7.30
- Petroleum and gas revenue tax, 3.3
- Preface to the financial statements of the Government of Canada, 1.2
- Premium and discount on exchange, 3.3
- Prince Rupert Port Corporation, 6.5, 6.11
- Privileges, licences and permits, 3.3
- Proceeds from sales, 3.3
- PROFESSIONAL AND SPECIAL SERVICES, *see Volume II (Part II), Section 5*
- Program objectives and activity descriptions, *see related ministerial section in Volume II (Part I)*
- Programs by activity, *see related ministerial section in Volume II (Part I)*
- Provincial and territorial governments—Loans, investments and advances, 1.8, 6.2, 6.22
- Provincial tax collection agreements account, 6.24, 7.2, 7.16
- Provincial workers' compensation boards, 6.39, 6.41
- Public Accounts and National Accounts Reconciliation, 2.11, 2.12
- Public Accounts Presentation, 2.2
 - Comparative statement of financial assets and liabilities, 2.5
 - Detailed statement of expenditure transactions, 2.4
 - Detailed statement of foreign exchange, unmatured debt and cash transactions, 2.7
 - Detailed statement of non-budgetary transactions, 2.6
 - Detailed statement of revenue transactions, 2.3
 - Detailed statement of transactions—Certain specified purpose accounts, 2.8
 - Statement of retroactive adjustments to the accumulated deficit, 2.5
 - Summary statement of transactions, 2.2
- PUBLIC DEBT CHARGES, *see Volume II (Part II), Section 9*
- Public debt charges, 1.7, 4.5, 4.6
- Public participation funding program, 7.20, 7.26
- Public Service death benefit account, 7.19, 7.23
- Public Service Superannuation Account, 7.7, 7.8

Q

- Queen's Fellowship fund—Social Sciences and Humanities Research Council, 7.21, 7.28
- Queens Quay West Land Corporation capital account, 7.12, 7.14

R

- Radarsat, 7.21, 7.29
- Recapitulation of expenditure with outside parties by standard object, *see Volume II (Part I), Section 1*
- Recapitulation of expenditure with outside parties by type, *see Volume II (Part I), Section 1*
- Recapitulation of revenue from outside parties by main classification, *see Volume II (Part I), Section 1*
- Receiver General
 - current deposits, 11.6, 11.7
 - special deposits, 11.6, 11.7
- Refunds of previous years' expenditure, 3.3
- Regional electrical interconnections, 6.22, 6.23, 6.25
- Regular forces death benefit account, 7.19, 7.22, 7.23

R—Concluded

- Return on investments, 1.7, 3.3, 3.7
- Returned soldiers' insurance fund, 7.19, 7.23
- Revenue, *see related ministerial section in Volume II (Part 1)*
- Revenue, 1.7, 1.13
 - from all sources, 3.5
 - from outside parties by main classification, 3.3
 - revenue and expenditure, statement of, 1.7
- Revenues, expenses and other changes in equity of
 - consolidated Crown corporations, 5.6
 - enterprise Crown corporations, 6.16
- Royal Canadian Mint, 6.5, 6.11
- Royal Canadian Mounted Police
 - benefit trust fund, 7.12, 7.15
 - dependants' pension fund, 7.19, 7.24, 7.40
 - Superannuation Account, 7.7, 7.9

S

- Safety evaluation of chemicals, 7.21, 7.29
- Saint John Harbour Bridge Authority, 6.40, 6.46
- Saint John Port Corporation, 6.5, 6.11
- St Lawrence Seaway Authority, The, 7.11
- Sales of seized assets, 7.20, 7.27
- Scholastic awards, 7.12, 7.15
- Securities held by the Canada Pension Plan Investment Fund, 7.4
- Securities in trust—Bankruptcy and Insolvency Act, 7.21, 7.28
- Security for costs, 7.11, 7.14
- Seized assets—
 - Canadian funds, 7.22, 7.30
 - US funds, 7.22, 7.30
- Seized property—Cash, 7.12, 7.14
- Seized property proceeds account, 5.11, 5.15
- Seized property working capital account, 6.40, 6.46
- Services and service fees, 3.3
- Shared-cost agreements—
 - Conferences and training, 7.19, 7.24
 - Research, 7.19, 7.20, 7.24, 7.26
- Shared-cost/joint project agreements, 7.19, 7.24
- Shared-cost projects—
 - Canadian International Development Agency, 7.20, 7.27
 - Energy, Mines and Resources, 7.20, 7.26
 - External Affairs, 7.20, 7.26
- Ship-Source Oil Pollution Fund, 5.10, 5.14
- Sioux Lookout Zone Hospital, 5.10, 5.14
- Société du parc industriel et portuaire Québec-Sud, 6.37, 6.38
- Special areas and highways agreement, 6.22, 6.23, 6.24
 - Atlantic Canada Opportunities Agency, 6.25
 - Federal Office of Regional Development—Quebec, 6.25
 - Western Economic Diversification, 6.26
- Special Drawing Rights allocations, 1.8, 9.2, 9.4
- Special fund—National Research Council of Canada, 7.21, 7.29
- Special non-marketable bonds, 10.10
 - issued to the Canada Pension Plan Investment Fund, 1.9, 10.2
- Special Operating Account—National Library, 5.10, 5.14

S—Concluded

- SPECIFIED PURPOSE ACCOUNTS, 7
- Specified purpose accounts, 1.9, 2.6, 7.2
- Spending and borrowing authorities, 1.12
- Spending Control Act, 1.22
 - statement by the Minister of Finance, 1.23
- Statement of accumulated deficit, 1.6
- Statement of accumulated deficit in terms of total liabilities and total financial assets, 11.7
- Statement of all borrowing transactions on behalf of Her Majesty, 10.15
- Statement of assets and liabilities, 1.8
- Statement of changes in financial position, 1.10
- Statement of contingent liabilities, 11.19
- Statement of responsibility, 1.4
- Statement of retroactive adjustments to the accumulated deficit, 2.5
- Statement of revenue and expenditure, 1.7
- Statement of revenue and expenditure, *see Volume II (Part I), Section 1*
- Statement of transactions, 1.6
- Statement required under the Spending Control Act, 1.22
- Summary combined financial statements of enterprise Crown corporations by segment, 6.13
- Summary financial statements of
 - consolidated Crown corporations, 5.3
 - enterprise Crown corporations, 6.12
- Summary of insurance programs of agent enterprise Crown corporations, 11.17
- Summary of significant accounting policies, 1.11
- Summary of transactions in superannuation accounts that resulted in charges to budgetary expenditure, 7.7
- Summary statement of transactions, 2.2
- Summer employment—Experience development program, 7.19, 7.25
- Superannuation accounts, 2.8, 7.7
- SUPPLEMENTARY FINANCIAL INFORMATION, 2
- Supplementary financial information, 2.2
 - Introduction, 2.2
- Supplementary fines fish account, 5.11, 5.15
- SUPPLEMENTARY INFORMATION REQUIRED BY THE FINANCIAL ADMINISTRATION ACT, *see Volume II (Part II), Section 3*
- Supplementary Retirement Benefits Account, 7.7, 7.10
- Suspense accounts, 8.5

T

- Tax revenue, 1.7, 3.3, 3.5
- Temporary deposits received from importers, 7.11, 7.14
- Transactions in the Unemployment Insurance Account, 5.11
- TRANSFER PAYMENTS, *see Volume II (Part II), Section 8*
- Transfer payments, 1.7, 4.4
 - by province, 4.8
- Transfer payments, *see related ministerial section in Volume II (Part I)*
- Transportation and assistance loans, 6.40, 6.45
- Treasury bills, 1.9, 10.2, 10.11
 - average yields at tender, 10.13
 - issues and redemptions, 10.11
- Treaty land entitlement (Saskatchewan) Fund, 7.21, 7.28
- Trust fund
 - National Research Council of Canada, 7.21, 7.29
 - Natural Sciences and Engineering Research Council, 7.21, 7.29
 - Social Sciences and Humanities Research Council, 7.21, 7.28

U

- Unamortized commissions on Canada savings bonds, 8.4, 8.5
- Unamortized discount and premiums on marketable bonds, 8.4, 8.5
- Unamortized discount on
 - Canada bills, 8.4, 8.5
 - Treasury bills, 8.4, 8.5
- Unclaimed dividends and undistributed assets
 - Bankruptcy and Insolvency Act, 7.21, 7.28
 - Canada Business Corporations Act, 7.21, 7.28
 - Winding-up Act, 7.21, 7.28
- Unemployment Insurance Account, 5.10, 5.11
 - loans, 5.10
 - transactions, 5.11
- Unemployment insurance premiums, 1.7, 3.3, 3.5
- Unemployment insurance warrants, 8.6
- United Kingdom, 6.27, 6.31
- United Kingdom Financial Agreement Act, 1946, The, 6.27, 6.31
- UNMATURED DEBT, 10
- Unmatured debt, 1.9, 1.18, 10.2
 - as at March 31, from 1990 to 1994, with the average rate of interest thereon, 10.13
 - Government's holdings of, 1.9
 - payable in Canadian currency, 1.9
 - payable in foreign currencies, 1.9
 - transactions, 1.6, 2.2, 2.7

V

- Vancouver Port Corporation, 6.5, 6.11
- Veterans administration and welfare trust fund, 7.12, 7.15
- Veterans insurance fund, 7.19, 7.23
- Veterans' Land Act Fund, 6.40, 6.46
- Virtual Elimination Task Force (V.E.T.F.)—Economic Subgroup, 7.20, 7.27
- Voted and statutory authorities, *see Volume II (Part I), Section 1*

W

- War claims fund—World War II, 7.20, 7.27
- Western Grain Stabilization Account, 5.10, 5.12
 - loans, 5.10
- Winding-up Act—Unclaimed dividends and undistributed assets, 7.21, 7.28
- Winter capital projects fund, 6.22, 6.23, 6.24, 6.25
- World Health Organization, 7.21, 7.30

Y

- Yukon Energy Corporation, 6.39, 6.44
- Yukon Territory small business loans, 6.24, 6.26

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